



Daily Report

China

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Daily Report

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General

Qian Qichen Meets Shevardnadze, Others at UN *OW0806082588 Beijing XINHUA in English* 0736 GMT 8 Jun 88

[Text] United Nations, June 7 (XINHUA)—Chinese Foreign Minister Qian Qichen said today that the Soviet decision to withdraw its troops from Afghanistan is a positive step. He said Vietnam should also withdraw its troops from Kampuchea immediately, and the Soviet Union may play a positive role in this matter.

Qian, who is heading a Chinese delegation to the third special session of the UN General Assembly on Disarmament, said this during a meeting here today with his Soviet counterpart Eduard A. Shevardnadze.

In their meeting, the two ministers also welcomed achievements made by the two countries in their trade, economic and technological cooperation in the past year.

In another movement, the Chinese foreign minister met here today with his British counterpart Sir Geoffrey Howe and discussed with him about bilateral relations and the current situation of Hong Kong, a British colony that will be returned to China in 1997.

In the talks, both sides expressed satisfaction with current Sino-British ties and expressed their belief that friendship and cooperation between the two nations will guarantee the prosperity and stability of Hong Kong.

Qian also met with Uruguayan Foreign Minister Luis Barrios Tassano today, the first time for the two officials to meet since the two countries established diplomatic relations earlier this year.

Today, the Chinese foreign minister also met Italian Foreign Minister Giulio Andreotti, Hungarian Foreign Minister Peter Varkonyi and Polish Foreign Minister Marian Orzechowski.

Foreign Delegation Visits, Inspects PLA Unit *HK0806064988 Beijing RENMIN RIBAO in Chinese* 31 May 88 p 4

[Report by Jing Fengqi (2529 7685 0796) and Li Jisheng (2621 4764 3932): "Foreign Professors, Scholars, and Students in Beijing Visit a PLA Unit"]

[Text] On 27 May, the State Educational Commission and the Beijing municipal government organized 1,560 foreign professors, scholars, and students from more than 140 countries and regions to visit and inspect a division under the PLA Beijing Garrison Command for 3 days.

This division is the first unit of the Chinese army to be open to foreigners. The unit has achieved outstanding results many times in combined military exercises under

modern conditions that were organized by the military region or by the general headquarters. Since 1972, this division has received heads of state, government leaders, senior military officials, diplomatic delegations, leaders of various UN organizations, and other foreign guests from more than 80 countries and regions with a total of 6,336 people in 395 groups. This time, Beijing organized the inspection by professors, scholars, and students from more than 100 countries, and this added greater vigor to the barracks. In the barracks of the division's reconnaissance company, which was recently named "Heroic Reconnaissance Company" by the Central Military Commission, soldiers exhibited the arts and crafts they made in the activities of "training talented people for dual purposes." They also demonstrated their neat and gallant formation, appearance, and bearing and their training equipment. The visitors expressed their admiration when seeing all this. They shouted "OK! OK!" as they watched the soldiers demonstrate their marksmanship, martial arts, and wrestling skills.

Nanjing Holds Foreign Trade Talks in Shenzhen *OW0706071488 Beijing XINHUA in English* 1458 GMT 6 Jun 88

[Text] Shenzhen, June 6 (XINHUA)—Foreign trade talks are under way here in this special economic zone in south China's Guangdong Province.

But the talks are not about trade for Shenzhen; rather they are for Nanjing, capital of east China's Jiangsu Province.

More than 500 businessmen from Europe, the Americas, Japan, Southeast Asia, and Hong Kong, and Macao attended the opening ceremony today.

The trade talks, which will last 4 days, are the first for Nanjing since the State Council deemed the city part of the country's coastal economic development areas, giving it more autonomy to attract and use foreign investment.

At the talks, measures were announced to simplify the procedures to sign contracts and improve work efficiency.

For example, participating delegations can directly negotiate projects involving an investment under 5 million U.S. dollars. Projects with an investment above that figure will be handled by a special department at the trade talks center.

Comparison on Qian Speaks on Foreign Policy

Beijing RENMIN RIBAO in Chinese on 2 June carries on page 6 a 1,100-character XINHUA report entitled "Foreign Minister Qian Qichen Speaks About China's Foreign Policy in Relation to World Situation." This has been compared with the version carried by XINHUA

Domestic Service in Chinese at 1615 GMT on 31 May 88 and published in the 1 June China DAILY REPORT on pages 6-7, revealing the following variations:

Page six, column one, paragraph two, last sentence ...in disarmament possible.[new paragraph]

Qian Qichen maintained: ...[noting deletion of paragraph, picking up paragraph four, sentence one].

Page seven, column one, first partial paragraph, first full sentence ...well as oneself. [new paragraph]

Qian Qichen said: ...[noting deletion of sentence].

United States & Canada

Official Says U.S. Seeks 'Very Warm' Ties
OW0806073688 Beijing XINHUA in English
0708 GMT 8 Jun 88

[Text] Beijing, June 8 (XINHUA)—A senior U.S. official said today that Sino-U.S. relations will continue to grow no matter who is elected to be the next U.S. president.

He characterized the relationship as a "matured one" as well as "a good one, a strong one and a developed one" under which both sides can discuss their differences without endangering their relations.

Speaking from Washington, D.C., at a Worldnet Satellite press conference for Chinese journalists, Assistant Secretary for East Asian and Pacific Affairs Gaston Sigur said the United States wants to develop "very warm" relations with China.

The assistant secretary said it is very important that the two countries share similar views on some critical international issues.

The two countries, he noted, have also enjoyed good trade and economic relations. The United States have made an investment totaling 1.7 billion U.S. dollars in China and there are 300 U.S.-funded joint ventures there.

He said he is against trade protectionism which is detrimental to the expansion of U.S. trade with China and other countries.

The senior official said the United States is pleased to see the continuous increase of cultural exchanges between the two countries. This is beneficial to the two peoples, he said.

Discussing the latest U.S.-Soviet Moscow summit, Sigur said that Reagan and Gorbachev did exchange views on several important issues in Asia.

Asked if he sees any possibility of a treaty on a 50 percent reduction of strategic weapons being concluded within President Reagan's term of office, Sigur said that progress was made in the Moscow summit but he declined to predict if the treaty could be concluded this year.

"We and the Soviets recognize our differences on this and I can't predict whether or not this will happen within the current year," he said.

He said that the U.S. is determined to hold on to SDI (Strategic Defense Initiative), adding "the Soviets are aware of our position on SDI."

Commenting on U.S.-Japanese relations, Sigur said they are basically, fundamentally good but there are difficult trade problems between the two countries. "We are working very hard at that and have achieved considerable success," he added.

Investment Climate Favorable for Joint Ventures
OW0806014688 Beijing XINHUA in English
0615 GMT 7 Jun 88

[Text] Beijing, June 7 (XINHUA)—"I'll always remember my wonderful experiences in China," said one American businessman who has worked in China for about 3 years.

Don St. Pierre was manager of the U.S.-based Chrysler Motors Corporation before he came to Beijing in November 1985 to work as general manager of the Beijing Jeep Corporation, Ltd.

During the past 3 years, St. Pierre sees his work with his Chinese colleagues as going "very smoothly," which he believes has helped make the company a success.

"Beijing Jeep's achievements prove Sino-foreign joint ventures can work," St. Pierre said.

The corporation was founded in January 1984 and is jointly-managed by the Beijing Car Factory and the American Motors Corporation.

To date, the firm has turned out 88,000 vehicles, including Cherokee model Jeeps. The company has also hit total output value of 1.41 billion yuan (381 million U.S. dollars) and scored profits of 188 million yuan (51 million U.S. dollars).

As of the end of last year, Beijing Jeep's fixed assets were listed at 245 million yuan (66.2 million U.S. dollars), or 0.4 times the initial investment.

"Keeping this project going wasn't always easy," St. Pierre explained, "and because of foreign currency shortages and an inability to secure import licenses, production even came to a standstill for a while in 1986."

Both sides had to work hard to beat the crisis, with St. Pierre even writing to then Premier Zhao Ziyang for help. The American manager believed the Chinese Government would not want a joint venture to fail, and was confident he could win Zhao's support.

When asked about cooperation between the corporation's Chinese and American management personnel and engineers, St. Pierre said, "From what I know, cooperation at Beijing Jeep is among the best of all Sino-foreign joint ventures because we understand each other and make major decisions together."

"At work cooperation is good, and off the job we're friends," he said, adding many of his Chinese colleagues have become his lifelong friends.

St. Pierre expressed satisfaction with China's investment environment by saying, "With the ratification of more laws and regulations to protect joint ventures, the Chinese Government is keeping its promise to improve investment conditions for foreign business people."

"China offers many investment opportunities for foreign firms," St. Pierre went on, "and if investors are willing to bring advanced technology to manufacture the products China needs, they will succeed."

"Chinese workers, though sometimes under-qualified, are very cooperative and quick to learn," the American manager said, adding after training, these workers are no longer content to be only car makers, but also want to become involved in management, sales and advertising.

St. Pierre believes Beijing Jeep has a bright future, and at the ninth meeting of the company's board of directors he issued a memo on plans for expansion.

Both sides are striving to increase output, invest more, develop new models, and accelerate local production of parts and components, St. Pierre said, adding Beijing Jeep should aim to become China's largest motor vehicle corporation.

St. Pierre did express dissatisfaction with China's complicated bureaucracy and equalitarianism by saying, "More laws and regulations are needed to promote efficiency, and the salary structure for workers has to be made more competition."

Now St. Pierre is ready to return home and feels sad as many of his colleagues do, but he has vowed continued contributions to Beijing Jeep and China.

Sino-U.S. Technology Service Opens in Beijing
OW0806012388 Beijing XINHUA in English
0632 GMT 7 Jun 88

[Text] Beijing, June 7 (XINHUA)—A technology service, jointly-run by the China National Electronics Import-Export Company and the U.S.-based American Schlumberger Technologies opened for business yesterday in Beijing.

The firm's services include repairs, consultation, and testing and training programs for Schlumberger's automatic computer testing equipment.

The American side will provide the necessary technology while the Chinese side is responsible for the office space and engineers.

Reagan Cited on Cambodia, Angola, Other Issues
OW0706054288 Beijing XINHUA in English
1907 GMT 6 Jun 88

[Text] Washington, June 6 (XINHUA)—U.S. President Ronald Reagan said that a solution to the Kampuchea issue "required the withdrawal of all (Vietnamese) troops, and a dialogue between Prince Sihanouk and Vietnam."

Reagan said he had informed Soviet leader Mikhail Gorbachev of the U.S. position during the Moscow summit from May 29 to June 2.

Addressing the World Gas Conference on his Moscow trip here late this morning, Reagan said he and Gorbachev welcomed "Vietnam's recent commitment to remove some of its troops" from Kampuchea.

He said that the summit discussed the "new prospects" for a solution in southern Africa.

"This will restore an early target date for the removal of Cuban troops and all foreign troops from Angola, and national reconciliation within Angola," Reagan said.

He said that during the summit, he also called for Soviet help in solving other regional issues such as the Iran-Iraq War, the famine in Ethiopia, the Middle East peace process, and Central American conflicts.

On bilateral exchanges, Reagan said that he was "deeply pleased" that the Soviet Union agreed to take an important step toward expanding people-to-people exchanges, which he said will not just make "occasional symbolic gestures that involve a few carefully selected groups."

He said that he was also "encouraged" by the discussions in the area of human rights at the summit.

He said that the growth of bilateral contacts and wider exchanges among the leaders of human rights organizations, lawyers, physicians, and representatives of other professions involved in this work "could over the long run become one of the most fruitful products of these discussion."

Summing up his Moscow trip, he said that it has left him the "strongest impression" that the Soviet Union is changing... And "an impression of new possibilities, of new hope."

However, he told the audience that it is "still much too early to tell just where the changes in the Soviet Union itself will lead."

SRV, U.S. To Discuss MIA Issue 8 Jun
OW0706003188 Beijing XINHUA in English
2334 GMT 6 Jun 88

[Text] Washington, June 6 (XINHUA)—General John Vessey, U.S. President Ronald Reagan's special emissary to Vietnam on missing American servicemen and other humanitarian issues, will meet with Vietnamese Vice Premier Nguyen Thach in New York on June 8th, the White House said today.

Spokesman Marlin Fitzwater said their discussions will focus on the POW/MIA (prisoners of war and missing in action) issue and on the resettlement of Vietnamese education camp internees in the United States.

General Vessey, who had discussions with the Vietnamese vice premier in Hanoi in August 1987, met with Vice President George Bush on June 4 to discuss the issue, Fitzwater said.

Earlier, the State Department said normal relations with Vietnam are impossible unless Hanoi makes a "full accounting" of the MIA/POW issue and withdraws its estimated 140,000 occupation troops from neighboring Kampuchea.

There are 1,767 American servicemen still listed as missing in Vietnam as a result of the Vietnam War. So far, the remains of 152 MIAs have been returned and identified.

Soviet Union

Rogachev Holds News Conference in Beijing
OW0806084488 Beijing in Russian to the USSR
1800 GMT 7 June 88

[Text] Rogachev, USSR deputy foreign minister and USSR special envoy, held a news conference in the afternoon of 7 June at the Soviet Embassy in China, at which he told the journalists how he, at the instruction of the Soviet Government, will brief the Chinese side on the Soviet-American summit meeting in Moscow. He also answered questions from journalists.

Rogachev arrived in Beijing as a member of a Soviet delegation to the Third Session of the Sino-Soviet Commission for Economic, Trade, and Scientific and Technological Cooperation.

Sino-Soviet Economic Commission Ends Meeting
OW0806074288 Beijing XINHUA in English
0721 GMT 8 Jun 88

[Text] Beijing, June 8 (XINHUA)—The Sino-Soviet Commission for Economic, Trade, Scientific and Technological Cooperation ended its third session here today.

Chinese Vice-Premier Yao Yilin described the meeting as conducive to further economic exchanges and trade between the two countries when he met Yuriy Maslyukov, first vice-chairman of the Soviet Council of Ministers and co-chairman of the commission.

Yao briefed Maslyukov on China's on-going economic reform and hosted a luncheon in his honor later.

Maslyukov Meets Zhu Rongji
OW0706234788 Shanghai City Service in Mandarin
2200 GMT 5 Jun 88

[Text] According to a JIEFANG RIBAO and WEN HUI BAO report, Shanghai's Mayor Zhu Rongji yesterday met and entertained Yuriy Maslyukov, first deputy chairman of USSR Council of Ministers, at the Longban Restaurant. Both sides had a friendly conversation. Mayor Zhu briefed Maslyukov and his entourage on the situation in Shanghai. He said: Right now, Shanghai is working hard to increase production, improve the environment for investment, open even wider to the outside world, and strengthen economic and technical cooperation and trade relations with various countries including the Soviet Union. At present, both China and the Soviet Union are reforming their economic structure. They need to exchange their experiences. Such an exchange of experiences will benefit both countries. Your visit will certainly help enhance mutual understanding, and further promote economic and trade relations and cooperation between the two countries in the field of science and technology.

First Deputy Chairman Maslyukov said: The Soviet Union has now entered the second stage of its economic reform. We like to learn from the experience of the Chinese people in carrying out reform. He wished Shanghai every success in obtaining even greater achievements in the fields of economy, science, and technology.

Present on the occasion were Shi Xiyu, a responsible person of the leading group in charge of ports under the State Council; Vice Mayor of Shanghai Liu Zhenyuan; and responsible persons of the various departments concerned Shen Guizhang, Zhao Yunjun and Jia Zhenzhi and others. Also present on the occasion were Oleg Troyanovskiy, Soviet ambassador to China; and (Shatrov), Soviet consul-general in Shanghai.

CPSU All-Union Congress Bars Foreign Delegations
OW0706101088 Beijing XINHUA in English
0930 GMT 7 Jun 88

[Text] Moscow, June 7 (XINHUA)—Foreign delegations will not be invited to attend a key conference of the Soviet Communist Party slated to begin on June 28, the Foreign Ministry Information Directorate says.

According to tradition, five-yearly party congresses usually draw a large contingent of delegations from various foreign parties. The Information Directorate does not explain why foreign delegations will not be invited to the coming conference, which is beyond the scope of congresses.

The all-union party congress will discuss radical reforms such as limiting party officials to two consecutive five-year terms.

Reporters covering the conference will be asked to stay at the press center and will not be invited to attend the conference.

The press center will give news briefings and arrange interviews with conference delegates.

Northeast Asia

New PRC Envoy Meets With Japanese Reporters
OW0706121588 Tokyo KYODO in English
1147 GMT 7 Jun 88

[Text] Beijing, June 7 KYODO—Newly-appointed Chinese Ambassador to Japan Yang Zhenya pledged to do his best to improve Sino-Japanese relations during his meeting here Tuesday with Japanese correspondents.

He said he would seek wider contacts with Japanese friends in which he can talk frankly and without reserve.

He said good China-Japan relations are vital for peace and economic prosperity in the Asian region and his responsibility in the Tokyo post is a heavy one.

Yang, 60, until recently head of the Asian Affairs Department of China's Foreign Ministry, will leave here for Tokyo on June 21 to succeed Zhang Shu in the ambassadorial post.

As his first main task in Tokyo, Yang cited preparations for a successful visit to China by Japanese Prime Minister Noboru Takeshita, scheduled for late August.

Describing Takeshita's China visit as an important event in the bilateral relations, Yang said he hopes the visit will open a new page in the history of Sino-Japanese friendship.

Ambassador Yang told the Japanese reporters he first met Takeshita in 1957 when he visited the premier's hometown prefecture of Shimane in western Japan as a member of a Chinese youth delegation.

Calling Premier Takeshita an "old friend," Yang said he is confident he can expect "good help and advice" from Takeshita after he takes up the Tokyo post.

Speaking of current Beijing-Tokyo relations, Yang gave his view that the bilateral relations are basically good, though he admitted that there exists some "noise" from voices in Japan opposed to Sino-Japanese friendship.

But the bilateral friendly relations will not be disrupted by such "noise," Yang said.

If and when problems come up in the bilateral relations, positive and proper steps should be quickly taken to cope with them, he said.

Yang said he is optimistic about the future relations between the two countries.

Regarding the Kokuryo dormitory problem centering on a court dispute over the ownership of a Chinese students' dormitory in Kyoto, Ambassador Yang said he hopes that a reasonable solution will be found in the spirit of Sino-Japanese friendship in accordance with the Japan-China Joint Communique of 1972 and other basic agreements.

Hailing from the northern province of Liaoning, Yang once studied Japanese at Dalian University and is the first Chinese ambassador to Japan to have a command of the Japanese language.

In fact, Yang used Japanese during part of his meeting with the journalists.

When he leaves for Tokyo in two weeks, he will be accompanied by his wife Han Qiufang, currently deputy head of the International Liaison Department of the All-China Women's Federation.

Yang said his wife, who was born in the central Japanese city of Nagoya to Chinese parents, is better than he is at speaking Japanese.

The couple has two sons—the elder in computer-related work and the younger in his second year of senior high school, studying to enter university.

'News Analysis' on Takeshita's Trip to Europe
OW0506123888 Beijing XINHUA in English
0810 GMT 5 Jun 88

[*"News Analysis: Outlook on Japanese Prime Minister's EEC Visit," by Zhuge Canglin—XINHUA headline*]

[Text] Brussels, June 4 (XINHUA)—Trade ties between Western Europe and Japan appear set to grow in the years to come, even though there will be ups-and-downs and bruises.

To assuage some of the latter, Japanese Prime Minister Noboru Takeshita is arriving here Tuesday for his second visit to the European Community in the six months since he assumed office, and the European Community is welcoming Takeshita's visit, not an easy one at his age, as a sign of increasing Japanese interests in Europe.

In recent years, the drop of the dollar and the appreciation of the Japanese yen have led to stronger U.S. trade protectionism, and some Japanese commodities originally destined for the U.S. have been diverted to Europe, pushing the trade balance even further in favor of Japan.

For itself, Japan sees a tremendous potential inherent in the Community once its unified market is formed in 1992. However, it fears that with the removal of internal tariffs, more protective barriers would be thrown up against the outside.

This explains why Takeshita has said he is making the visit to explore the possibility of setting up "new relationships" with Europe, an effort, he says, to make the European-Japanese-[word indistinct] triangle into an equilateral one.

But the fact remains that in spite of a slight rebound last year, the Community's trade deficit with Japan stood as high as 24.2 billion dollars last year compared to only 500 million dollars in 1970.

What is more, there is also a substantial gap in bilateral investments. EEC statistics show Japan's direct investment in Europe aggregates 13.3 billion dollars, more than double that of Europe in Japan.

In view of the existing troubles, Community leaders are expected to avail themselves of Takeshita's visit to press Japan for stepped-up economic restructuring, more commitments to world economy and trade, [words indistinct] finally to allow imports of more European products and investments.

On the question of the planned unified market, Community leaders will try to allay Japan's misgivings by pointing out that out the market, once established, will open wider to the outside world, rather than becoming a protectionist fortress. The Community leaders, however, can also be expected to

make it clear at the same time that any third country, benefitting from the market, would be expected to make a reciprocal compensation to it.

Despite friendly gestures shown by both sides prior to the Japanese prime minister's visit, the issue of dumping products has come into the forefront, and yesterday the Community ordered an anti-dumping probe into the prices of imported Japanese construction equipment, and this clouds prospects for an immediate improvement in trade relations.

Nevertheless, the forthcoming top-level meeting is expected to contribute to progress in bilateral trade ties, with the Community striving to obtain a greater share in the Japanese market and the latter bent on gaining a greater access to the Community market. Still, the pace will be slow, and ups-and-downs and bruises are not ruled out.

Southeast Asia & Pacific

Wang Renzhong Says SRV 'Must' Get Out of Cambodia
OW0806101788 Beijing XINHUA in English
0953 GMT 8 Jun 88

[*"Vietnam Must Get Out of Kampuchea, Says CPPCC Leader"—XINHUA headline*]

[Text] Beijing, June 8 (XINHUA)—A senior Chinese official reiterated here today that Vietnam must withdraw all its troops from Kampuchea.

Wang Renzhong, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, made the remark during talks with visiting Thai privy council members headed by Prakob Hutasingh, council vice-president.

Wang said he doubted if Vietnam would reduce its armed forces in Kampuchea by 50,000 as it recently announced.

He said China supports the just struggle against Vietnamese invaders by the patriotic armed forces of the three parties of Kampuchea under the leadership of Democratic Kampuchean President Norodom Sihanouk.

On the Kampuchea issue, he said, China has no interests whatsoever of its own to seek.

China holds that the Kampuchea question should be settled through negotiations in a fair and reasonable way, but Vietnam has so far shown no sincerity.

"Two things must be done to push Vietnam to withdraw from Kampuchea," he said. "One is that ASEAN countries, China and other peace-loving countries should resolutely support the Kampuchean people's patriotic struggles led by Prince Sihanouk against the Vietnamese aggressors."

"The other is that the Soviet Union should stop its aid to Vietnam's aggressive war over Kampuchea," he said.

The war cannot go on without Soviet assistance, Wang added.

ASEAN Official Cited on SRV Troop Withdrawal
OW0406131188 Beijing XINHUA in English
0721 GMT 3 Jun 88

[Text] Bangkok, June 3 (XINHUA)—An authoritative source of ASEAN (the Association of Southeast Asian Nations) has said that the Vietnamese announcement of partial troop withdrawal is a "tactical move", and Vietnam could still bring its military forces back into Kampuchea under the pretext of security, reported "THE NATION" here today.

The placement of the remaining troops under the command of the Phnom Penh regime could also mean that Vietnam wants to legitimize the Heng Samrin government, the source said.

Vietnam announced on May 26 that it would withdraw 50,000 of its troops from Kampuchea by the end of this year and the rest of its forces would be commanded by the Heng Samrin regime.

The source said that ASEAN welcomes Vietnam's announcement but insists on a close monitoring to verify that the partial troop withdrawal is genuine.

A close watch throughout the whole withdrawal process must be carried out and not just a one-day monitoring like previous ones, the source said.

Commenting on the simultaneous Vietnamese announcement that it would pull its troops back 30 kilometers from the Kampuchean-Thai border, the source said the announcement did not mean that Vietnam will pull all its troops back from the whole border, and some Vietnamese troops are still confronting Thai forces.

Vietnam decided to pull some of its troops back from some border areas because the resistance forces are now operating deep inside Kampuchea, he said.

Near East & South Asia

First Asian Moroccan Culture Week Opens
OW0806060788 Beijing XINHUA in English
1135 GMT 7 Jun 88

[Text] Beijing, June 7 (XINHUA)—A Moroccan cultural week, the first ever held in an Asian country, opened in the Chinese capital of Beijing today.

In the next few days, Moroccan artists will perform music and dances and exhibit antiques and art works here.

At today's ceremony to open the Moroccan cultural week, Chinese Minister of Culture Wang Meng and Moroccan Minister of Cultural Affairs Mohamed Benaissa expressed the belief that the event will promote the two countries cultural cooperation and exchanges between their artists.

Earlier today Wang and Benaissa attended a seminar on Sino-Moroccan relations here.

Sub-Saharan Africa

Kang Keqing Meets Zimbabwean Delegation
OW0806061288 Beijing XINHUA in English
1115 GMT 7 Jun 88

[Text] Beijing, June 7 (XINHUA)—Kang Keqing, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference and president of the All-China Women's Federation, met here today a women delegation from Zimbabwe.

The delegation, led by Mrs. Shuvai Ben Mahofa, deputy minister of state political affairs of the president's office, arrived here yesterday for a goodwill visit at the invitation of the All-China Women's Federation.

Kang said that she wished that the delegation's visit would promote contacts and friendship between women of the two countries.

Later, Kang hosted a dinner for the visitors.

During their stay in China, the guests will contact China's local women's organizations, and visit factories, villages, schools in Beijing, Hangzhou, Shanghai and Nanjing.

Joint Hospital Project With Kenya Progresses
OW0806011488 Beijing XINHUA in English
1828 GMT 7 Jun 88

[Text] Nairobi, June 7 (XINHUA)—Construction of two major hospitals and six other health centres in Kenya, which is being undertaken by China, is well under way.

Several blocks with red-tiled roofs have sprung up in the woods by the sea at Msambweni, Kwale District, east Kenya. The manager of the Sichuan Corporation for International Techno-Economic Cooperation (SIETCO), the contractor of the projects, told XINHUA that about 83 percent of the roof casting work has been completed for the new houses and the whole framework is scheduled for completion by the end of this month. For the project at the town of Webuye in Bungoma District, western Kenya, roof casting for the 18 blocks had been completed by the end of last month. The total work completed amounts to nearly 40 percent of the total investment cost.

If the payment can be guaranteed, the health projects are expected to be completed as scheduled.

The projects, financed with a loan from the African Development Bank cover a total building area of 35,000 square metres and require a total investment of about 12 million U.S. dollars.

The two large district hospitals are designed to have about 400 beds replete with outpatient and inpatient departments, operating theatres, and laboratories. The inside facilities, such as ventilation, air-conditioning, solar-heating, calling systems, automatic fire alarm systems, sanitary equipment, and lighting, are up to modern standards. When completed, they will be able to offer rural Kenyans in the districts a whole range of medical and health services, including internal medicine, surgical, gynaecology, and paediatrics.

The contracts for the projects were awarded last July to the SIETCO, one of the noted Chinese construction contractors in China. Work began on July 13 last year, employing hundreds of local Kenyan workers under the direction of 46 Chinese technicians and engineers.

The past 11 months have witnessed excellent cooperation between the Kenyan workers and Chinese technicians. At the coastal Msambweni and Webuye construction sites, Chinese engineers and technicians have over the past few months often worked overtime in the scorching sun. At the busiest times, they even gave up their holidays. Their fine construction skills, strict quality control, and high standards of work have won high praises from local people and government officials.

"Chinese engineers and technicians are really great", said a Kenyan engineer overseeing the project, "they are ready to take the sweat and the projects are proceeding fast, with quality to our satisfaction."

SIETCO was established in 1980. It contracts for construction projects, provides technical and labour services, and offers cooperation with foreign companies and government bodies. Since its inception, it has been operating in a number of countries in Europe, the Americas, and Africa.

East Europe

Further Reportage on Visit by Poland's Messner

Deng Cited on Military Commission

HK0806034088 Beijing ZHONGGUO XINWEN SHE
in Chinese 0758 GMT 7 Jun 88

[Text] Beijing, 7 Jun (ZHONGGUO XINWEN SHE)—While meeting with Polish friends this morning, Deng Xiaoping, chairman of the Central Military Commission, said that it is a Chinese-style arrangement which has practical significance for Zhao Ziyang and Yang Shangkun to be vice chairmen of the Central Military Commission. Deng said that he has already handed over his duties and "the Central Military Commission is now under the leadership of Comrade Zhao Ziyang."

Deng Xiaoping made these remarks at a meeting with Zbigniew Messner, member of the Political Bureau of the Polish United Workers Party Central Committee and chairman of the Council of Ministers of Poland.

At the beginning of the meeting, Deng Xiaoping told the guest: You are a young man, while I am old.

When Messner commented, "I think it is just the opposite," Deng Xiaoping spoke at length.

Deng Xiaoping said: As you know, I am already half retired. Actually all veteran comrades were to retire, but most people were against them doing so. As a result, Comrade Chen Yun, Comrade Li Xiannian, and I withdrew from the Political Bureau and its Standing Committee. All three of us have retained a post. I retained a practical post, that is, chairman of the Central Military Commission.

Deng continued: "You have already noticed that there are two vice chairmen in the Central Military Commission, one is our party General Secretary Zhao Ziyang and the other is our state President Yang Shangkun. You might be surprised: Why have both the party general secretary and state president become vice chairmen? Probably this is a Chinese-style arrangement (laughs heartily). Nevertheless, this arrangement has practical significance because it actually means that I have handed over my duties and the Central Military Commission is now under the leadership of Comrade Zhao Ziyang."

As on previous occasions, Deng Xiaoping was in high spirits. He waved his greetings to the reporters present with a smile. When the guests left, the working personnel asked him to take a group photo to mark the occasion. He again said with a smile: That is easy.

Messner Talks With Leaders

LD0706145288 Warsaw PAP in English
1325 GMT 7 Jun 88

[Text] Beijing, June 7—On the second day of his official visit of friendship to China on Tuesday PUWP [Polish United Worker's Party] CC [Central Committee] Political Bureau member, chairman of Poland's Council of Ministers Zbigniew Messner was received by Chinese leaders, general secretary of the CC of the Chinese Communist Party Zhao Ziyang and chairman of the Central Military Commission Deng Xiaoping.

The talk with Zhao Ziyang was held in a cordial atmosphere and mainly focused on cooperation between the two parties, the PUWP and the Chinese Communist Party, and on exchange of experiences in the field of reforms. Zhao Ziyang stated that the reform of the political structure in China required a stable situation, considering the country's size as well as economic and cultural backwardness. At present the reform has reached a decisive stage—the main issue is to solve the problem of prices and pay, the basic one in the process of reforms, the Chinese leader stressed.

Reforming is a general tendency in the socialist countries, and difficulties and risks which are connected with it will not change this direction of activity, Zhao Ziyang said. The only method of solving certain problems and overcoming difficulties is the deepening of the process of reforms, he added.

He also stated that China treated Poland with deep respect in view of its determination, the boldness of search and the spirit of realism displayed in the proper solving of problems ensuing from the reforming process. In addition to this, the Chinese leader voiced hope that both countries would exchange experiences in reforming in a broader aspect in the future.

Messner expressed satisfaction over the development of Polish-Chinese relations and contacts between both parties, stressing that the two sides examined possibilities of further deepening of cooperation during his on-going visit to China. Zhao Ziyang remarked that an immense progress in many domains was recorded in relations between the Chinese Communist Party and the PUWP as well as in relations between China and Poland. China appreciates these relations which get consolidated from day to day very much, he underlined.

Messner conveyed to Zhao Ziyang greetings from PUWP CC first secretary, president of Poland's Council of State Wojciech Jaruzelski. In turn the Chinese leader again invited Jaruzelski to pay an official visit to his country.

Deng Xiaoping, who very cordially greeted the Polish visitor, stated that, considering his age, 84, he had already partially retired from active political life, like two other members of the leadership Chen Yun and Li

Xiannian. Anyway, he retained the post of chairman of the Central Military Commission (that is commander-in-chief of the Chinese Armed Forces).

Reforms in the socialist countries are necessary if one wants to meet requirements of the modern times and the future, Deng Xiaoping said. The Chinese party fully supports and will continue the line of reforms, he added.

The Chinese leader underscored that political cooperation between China and Poland is based on solid grounds. Relations between the Chinese Communist Party and the PUWP and also contacts between both countries have long history, and their development is based on many years' tradition. The Chinese party and nation show concern for Poland's affairs.

I am of the opinion that Poland also understands China, he added, pointing out that the two countries have met certain problems while implementing reforms and that is why they can exchange their experiences. However, such problems must be solved in tune with determinants of a given country because controversial issues as well as conditions are different (in these countries) so one cannot mechanically copy the solutions.

Messner presented the course of the process of reforms in Poland and assured the Chinese side of the fact that this country attached great importance to exchange of experiences with China and to friendly relations with her. He also told Deng Xiaoping of preparations for the publication of his selected works translated into Polish.

The Chinese statesman turned to Messner to convey his warm greetings to Jaruzelski in return to regards from the Polish leader, conveyed by Messner.

In the afternoon, Premier Li Peng arrived at the residence of Premier Messner. After a short talk, the two heads of governments signed a programme of cooperation in economy, trade, science and technology between the PRC and Poland till 2000. They were also present during the signing of three other inter-governmental documents, namely an agreement on prevention of double taxation, an agreement on mutual support and protection of investments and an agreement on mutual removal of visa formalities for business travellers.

After the ceremony of signing the documents, the heads of the two governments bid farewell to one another.

After the conclusion of the official talks in Beijing, Premier Messner met at the Polish Embassy here with Polish and Chinese journalists. He stressed the cordial welcome given by the Chinese side and the significance of the talks with the Chinese leaders. The head of the Polish Government pointed to the role of new forms of developing the economic cooperation between Poland and China such as the starting of joint undertakings which favour the absorption of modern technologies and entering the third market.

The premier also referred to numerous similarities occurring in the process of reforming the economic structures of Poland and China, and here he mentioned the striving to modernize work establishments and technologies, improve efficiency, make the price and pay systems more real and introduce the rule of factories' self-financing.

In the evening, Premier Messner arrived in the capital of the Jiangsu Province, Nanking. Over the recent years, this province has come to the lead in China in respect of the value of industrial production. In 1968, it established cooperation with Krakow Voivodship.

The authorities of the Jiangsu Province and the town of Nanking gave a dinner in honour of Zbigniew Messner and his wife. Vice-Governor of the province Chen Huan-you said that the common desire of the hosts and guests was the development of the traditional friendship linking the inhabitants of this province with the Polish nation. He also expressed hope that the present visit by the head of the Polish Government would contribute to the development of cooperation between the two countries.

Premier Messner expressed satisfaction at the fact that the Jiangsu Province had established cooperation with Poland. He also said that the talks he held in Beijing with the Chinese leaders were very fruitful and reaffirmed the need to exchange experiences in the socialism building and implementation of the process of reforms in the two countries.

On Wednesday, Premier Messner is expected to visit industrial plants in Nanking. In the evening, he will go to a special economic zone of Xianen to get acquainted with the economic experiment carried out there.

Yugoslav Paper Interviews CPC's Li Tieying
AU0306085588 Belgrade POLITIKA
in Serbo-Croatian 29 May 88 p 3

[Report on interview with Li Tieying, CPC Political Bureau member, by Aleksandar Prlja, in Beijing "recently"]

[Text] The time has come for the CPC, which assumed power through a revolution, to separate from the state and economic power to which it became joined in the course of time. The state must separate from the party, but not in such a way that the party will be pushed off the scene in China but in a way that it may play its role and make faster economic transformation possible. There is no dilemma about this in China and there can no longer be any. This is China's official and practical policy. There is no holding back.

These essential assessments were presented by Li Tieying, one of the most prominent politicians of modern China, member of the CPC Political Bureau and of the State Council (the top team of the Chinese Government), in an interview with the POLITIKA editor in Beijing

recently. He is a prominent advocate of far-reaching economic and political reforms in the life of the most populous country in the world.

"The CPC," Li Tieying said, "must not interfere excessively in administrative affairs." Having assumed power with arms and revolution, the CPC does not now find it easy to detach itself from managing the state and the economy. "The party and the state have been practically identical for a long time, but this can no longer be tolerated. Deng Xiaoping indicated recently the dangerous consequences of equating the state and the party," this youthful member of the CPC Political Bureau said. The party now numbers no less than 48 million members.

The Essence of Changes and Reforms [subhead]

"Until 1928, our party had no territory under its control," the man from the top Chinese political leadership said smiling. "For more than half a century, the CPC has sovereignly ruled all of China, the entire life of an enormous country. This is not natural. A different role must be found for the CPC, and the economy and its machinery must be allowed to play their natural role which they must have in every development."

Li Tieying does not dispute the significance of the fact that similar topics have appeared in all the socialist countries with which China does not always have much in common, particularly as regards relations with the USSR and, in general, as regards political and interstate relations, although these have been improving lately.

According to him, the planned economy has often been equated with socialism in China, and it is known to him that this happened in other countries, too. "Such equating is nonsense and is harmful," this distinguished Chinese official said. "The planned economy in itself is not socialism, and even less is the application of market laws and the working of the market something that a priori belongs to capitalism."

A great deal of the present Chinese practice must change in this respect. In order that the reform initiated by all the Chinese leadership may be successful and quick, Li Tieying assessed, the system of prices and the role of the market in China must be changed. This is most important at present, and so are the necessary reforms in the political system that would make the working of economic laws easier.

"The pricing system is such that the state has been paying subsidies and the prices of basic products have been low," our interviewee said in the magnificent building of the Chinese National People's Congress across the road from the famous imperial Forbidden City with its ornate domes from feudal times that dominate Tiananmen Square in central Beijing. "People

now fear price increases. This must be tackled, however. There is simply no other way to more rapid economic development. We must no longer waste time about it."

All the troubles caused by the noncompliance with market laws and the artificial pricing system, price disparities, and administrative controls are well known in China. Li Tieying cited extensively absurd examples of price controls and their lack of agreement with the real economic world. As a man at the very top of Premier Li Peng's new Chinese Government dealing with the leading edge in the implementation of the reform, he described various investment overruns and the machinery of speculation in a system which at present does not rest on "real economic risk." He dealt in particular with the monopoly position and the noneconomic situation in the market which, in the present system of administrative regulation and noncompliance with economic laws, leads transfers of profit and of available capital along roads that are not economically justified and most efficient.

Price controls are being abolished gradually, simply because "we must keep the chance to develop quickly and efficiently," Li Tieying said. "Anything else would make us lag tremendously."

Our interviewee, a man in his best years (he is 51 now), also quotes new Premier Li Peng: "To deepen the comprehensive economic reform is the most important business facing the present Chinese generation."

It should also be understood that Li Tieying is not a speaker who would be a slave to facile illusions. "Nobody in the socialist countries," he said, "has ever succeeded in reconciling personal interests with the interests of production. Nobody has ever succeeded in making a pure market mechanism work. Vacillations and resistance have always been an obstacle. They must no longer be allowed."

Perhaps the most difficult thing is to define the new role of the CPC in the life of enterprises, as the very vital foundation of the economy and society. "We have now," Li Tieying said, "separated the role of the basic cell of the CPC from the management. Both the Central Committee and the government (the State Council) are giving increasingly more scope to the enterprises; they are giving them practically all the power in adopting the most important decisions. This is not always easy as regards its implementation."

In some institutions and enterprises, this authoritative Chinese speaker said, the CPC organization, the cell, follows the decisions of the highest organs in an exemplary and disciplined way. All the important decisions are left to the managers of the enterprise. As could be expected, this runs less smoothly in some other enterprises. Habits are old and deeply embedded."

The Role of the Public [subhead]

"We are now carrying out many interesting tests on large samples," Li Tieying said. "We simply supervise the handing over of power in many enterprises by the CPC cells to the managing team, the management." In his opinion, it is for this reason that radical and thorough changes and reforms are needed in internal relations in the CPC. Without them, the entire giant reform that has started on a grand scale will not be successful.

Li Tieying had no difficulty in agreeing with the assessments that can be heard increasingly in China to the effect that the role of the public and the press in the implementation of the reform is of "tremendous" importance. "Public information about everything must be expanded," he said. "We have ensured more openness of the media, but this is not yet what we need for an efficient reform and its rapid implementation. In this respect as well as some other social trends and transformations," Li Tieying adds readily, "China has used Yugoslav experiences, too. A more open approach to all the problems of society along the line of the necessary reforms and changes is an important prerequisite."

Especially in the first stage of the preparations for the reform, Li Tieying said, China used Yugoslav and some Hungarian experiences in expanding economic democracy. "We have made use not only of your positive but also your negative experiences," he added with a friendly smile.

This is only natural. China, like a large number of other socialist countries, has now become in fact a large social laboratory in which notions like economic and political reform constitute the big topic of the day. There is no retreat.

XINHUA Views Yugoslav Party Conference
OW0306062188 Beijing XINHUA in English
0602 GMT 2 Jun 88

["Roundup: Party Conference Likely A Turning Point for Yugoslav Economy"—XINHUA headline]

[Text] Belgrade, June 1 (XINHUA)—The three-day Communist Party conference, which opened amid a growing economic crisis and widespread social unrest, will likely be a turning point for Yugoslavia. The conference, the most important event in Yugoslavia's political arena this year, has brought impetus to the unity of the League of Communists of Yugoslavia (LCY) and the socio-economic reforms. The country has been confronting a 152-percent inflation rate, a 21-billion-dollar foreign debt and waves of worker unrest and corruption scandals. During the three days of debate, 431 out of nearly 800 delegates representing two million party members made ten-minute speeches calling for unity within the party and continued social and economic reforms. The call was embodied in the resolution issued at the end of the conference. Many delegates pointed to the divergence on major social problems within the party leadership as one of the causes for the country's woes.

Delegates urged rejection of solutions based on changing the LCY into an alliance of parties of the six republics and two autonomous provinces. Some high-ranking party leaders made self-criticisms. Vasil Tupurkovski, member of the Presidium of the LCY, said that the Central Presidium should bear the responsibility for failing to curb the growth of nationalism. Delegates also urged a democratic renewal of the party itself and its faster transformation into a genuinely democratic organization. Economic and political reform was another hot topic. Yugoslavia undertook reform and implemented socialist self-management policy in the early 1950s which brought about rapid economic development and marked improvement in people's lives. However, the reform met difficulties in the early 1980s with the result that the country's economy is on the brink of collapse. The conference demanded that the Central Committee of the LCY examine the progress of both socio-economic reform and the reform of working methods of the LCY by the end of this year and publicize its findings.

The Central Committee was authorized to convene a special congress, replace the current leadership and elect new leaders able to cure the country's ills.

Zhou Keyu-led PLA Delegation Visits GDR
OW0706012088 Beijing XINHUA Domestic Service
in Chinese 0637 GMT 5 Jun 88

[By XINHUA Reporter Wang Defeng and JIEFANG-JUN BAO Reporter Wu Jixue]

[Text] Berlin, 4 Jun (XINHUA)—Heinz Kessler, member of the Political Bureau of the Central Committee of the Socialist Unity Party of Germany [SED] and GDR minister of national defense, met in Berlin today with the principal members of a Chinese PLA delegation headed by Zhou Keyu, member of the CPC Central Committee and deputy director of the Chinese PLA General Political Department, and leaders of a song and dance troupe from the General Political Department performing here.

Kessler welcomed warmly the visit of the delegation headed by Zhou Keyu and the performances being put on by the song and dance troupe of the Chinese PLA General Political Department. The guests and the host, with deep feeling, recalled the traditional friendship between the people and armed forces of the two countries and stressed particularly the contributions made by Zhou Enlai, Zhu De, and other revolutionaries of the older generation in forming and developing such friendship.

Kessler said: The exchange of visits by Honecker and Zhao Ziyang, leaders of the two parties and two countries, has developed extensively and comprehensively the friendly relations between the parties, people, and armed forces of the two countries. The current visits by Deputy Director Zhou Keyu and the song and dance troupe will certainly make fresh contributions to promoting our friendship and mutual understanding.

Zhou Keyu and his party, as well as the song and dance troupe of the General Political Department, arrived in Berlin on the evening of 2 June after visiting Romania and Hungary. They will visit and perform here for 2 weeks.

Long-Term Technology Protocol Signed With GDR
OW0806021288 Beijing XINHUA in English
0640 GMT 7 Jun 88

[Text] Berlin, June 6 (XINHUA)—Democratic Germany and China today signed a protocol on long-term cooperation in key technologies such as micro-computers, biology, and the making of instruments for scientific research.

At the fourth session of the Democratic Germany-China Mixed Economic Commission here, both sides agreed that the two countries witnessed a rapid development of their trade and cooperation in science and technology.

The Chinese delegation headed by Qing Zhongda, chairman of the Chinese side of the commission, arrived here on May 30.

GDR Cultural Delegation Visits Beijing
OW0706032788 Beijing XINHUA in English
0941 GMT 6 Jun 88

[Text] Beijing, June 6 (XINHUA)—Wang Weicheng, deputy head of the Propaganda Department under the Chinese Communist Party Central Committee, met with a three-member cultural delegation from the German Democratic Republic.

The delegation is led by Wilfried Maab, first secretary of the Secretariat of the Federation of Literary and Art Circles of the German Democratic Republic.

The delegation arrived here June 3 at the invitation of the China Federation of Literary and Art Circles, and it is scheduled to tour Shanghai, Hangzhou, and Fuzhou.

Authorities Warn Students as Unrest Continues
HK0806040288 Hong Kong AFP in English
0314 GMT 8 Jun 88

[Text] Beijing, June 8 (AFP)—Authorities here, faced with the threat of a protest rally Wednesday, have warned students against holding unauthorized demonstrations and blamed an upsurge of political unrest on a "reactionary minority."

The warning was issued Tuesday night through loudspeakers to about 800 students who held a noisy gathering at Beijing University that last until early Wednesday morning, an AGENCE FRANCE-PRESSE reporter on the scene said.

"Any demonstration that is not authorized is forbidden," said the recorded announcement, punctured by catcalls from the students, some of whom were perched on walls and trees.

The declaration cautioned students to be wary of "a minority who seek to destroy stability and unity."

"These people openly oppose the leadership of the Communist Party and government and seek to upset stability and unity," it said.

Several posters and student orators Tuesday urged students to gather at Tiananmen Square in the centre of the capital Wednesday at 3:00 pm (06:00 GMT) to demand "human rights, press freedom and a fight against corruption and bureaucracy."

Student unrest at Beijing University was triggered by the murder June 1 by thugs of a 22-year-old post-graduate student near the vast suburban campus.

The slaying prompted a march by 2,000 students the following night to Tiananmen Square, site of the Great Hall of the People, and a rash of large-character posters at Beijing University critical of the Chinese Government and the Communist Party.

Police say they have arrested six suspects in the murder case.

Tuesday's loudspeaker announcement recalled the arrests and pledged that the suspects would be "quickly and severely dealt with, in accordance with law."

It described the slaying as a "matter of common law" and denounced "a minority that is seeking to transform this affair of common law into a political issue."

The unidentified minority, it said, "goes against the fundamental interests of all the Chinese people (as well as) law and democracy, and threatens reform and the open policy" of the Chinese Government.

Nearly all of China's national newspapers Wednesday published statements similar to the loudspeaker announcement.

Some of the students who spoke out Tuesday night said they regretted their protest movement had "no goal, no organization."

Many lashed out at the Communist Party. "It was a good party before 1949 (when the People's Republic was proclaimed), but it only made mistakes and wound up rehabilitating the Nationalist Party," one student said.

Student demonstrations in the winter of 1986-1987 provoked the most serious political crisis in China since the death of former chairman Mao Zedong in 1976, and resulted in the ousting of former Communist Party chief Hu Yaobang in January 1987.

Communist Party chief Zhao Ziyang spoke Wednesday evening of the need for "unity and stability" in China, during a meeting with Polish Prime Minister Zbigniew Messner.

Tiananmen Square Cordoned Off
HK0806081688 Hong Kong AFP in English
0756 GMT 8 Jun 88

[Text] Beijing, June 8 (AFP) - Police on Wednesday cordoned off Beijing's central Tiananmen Square, apparently to prevent a planned student demonstration there later in the day, witnesses said.

There were meanwhile signs of hesitation among students at Beijing University in the suburb of Beida some 15 kilometres (nine miles) from Tiananmen over whether to go ahead with the protest march, an AGENCE FRANCE-PRESSE correspondent there said.

Police, some of them armed with truncheons, surrounded Tiananmen Square and took up positions at about 10-meter (yard) intervals at about 1:00 pm (0400 GMT) Wednesday, sealing off all access to the huge square.

Tiananmen, in front of the Forbidden City, once home to Chinese emperors, and the site of the Great Hall of the People and the mausoleum of Mao Zedong, was cleared of the hundreds of passers-by and visitors who usually frequent it.

Students at Beida seemed uncertain as to whether the demonstration, called for in posters pasted up around Beijing University in recent days, would go ahead as planned.

Some posters at Beida Wednesday called on students not to stage the protest, urging them to be realistic and criticising student "activists" for trying to use students for political ends.

"We cannot achieve our goals," one poster said.

At 3.00 pm (0600 GMT), an hour before the Tiananmen protest was scheduled to begin, about 200 to 300 students were gathered at Beida awaiting clear instructions.

The word on the campus was that students had been told to arrive at Tiananmen in small groups to avoid the risk of being detained by police if they try to head for the centre of the city en masse.

There were also unconfirmed reports that the city authorities planned to hold a meeting at 3.00 pm local time aimed at finding out which students were absent.

The AFP witness at Beida said the students were trying to work out their plan of action and demands to be made during the protest, adding that most seemed to be in favour of calling on the authorities to defend democracy and give more freedom to the press.

Tension among students has been mounting with demands for more campus security, protection of human rights and greater democracy following the murder a week ago of a student by a group of youths described as thugs near the campus.

Posters at Beijing University have attacked senior leader Deng Xiaoping's family, described other Chinese leaders such as Premier Li Peng as "good for nothing" and demanded a change in government to produce a "bourgeois democracy."

The putting up of the posters followed a spontaneous march late Thursday by 2,000 students to Tiananmen square to protest the fatal beating the night before of student Cai Qingfeng, 22.

The posters were the most radical since December 1986 when tens of thousands of students held demonstrations nationwide for greater freedom of expression and democracy, analysts said.

The authorities warned students Tuesday night against holding unauthorised demonstrations, in a message issued through loudspeakers to about 800 students who held a noisy gathering at Beijing university which lasted until early Wednesday, an AFP reporter on the scene said.

Street demonstrations are banned in China unless previous permission is obtained from the police.

Few Students Attend Demonstration

HK0806104388 Hong Kong AFP in English
1043 GMT 8 Jun 88

[Excerpt] Beijing, June 8 (AFP)—Hundreds of police cordoned off Beijing's central Tiananmen Square on Wednesday to prevent students from staging a planned mass demonstration. At least one person was reported detained.

By mid-afternoon, several groups of dozens of students had gathered around the sun-baked square, joined by a larger number of curious onlookers. But they found themselves vastly outnumbered by plainclothes and uniformed police.

"I came today to demonstrate, but it seems to be too difficult," a student told an AGENCE-FRANCE PRESSE reporter. "There are too many cops around."

"We came to watch," said another, glancing nervously over his shoulder.

Several people said they had seen a teacher from Inner Mongolia detained.

Posters calling for a demonstration for human rights, and against corruption and privilege enjoyed by China's elite, appeared Tuesday at Beijing University (Beida) where anger over a student's murder last week has flared into open criticism of the Chinese Government and Communist Party.

Police sealed off Tiananmen—site of the Great Hall of the People and the Forbidden City, once home to China's emperors—by taking up positions at 10-meter (yard) intervals shortly after noon local time.

Some officers carried truncheons. Others had walkie-talkies.

Passers-by were obliged to keep walking. Some pushing scenes developed as police physically pressed groups to move along. Officers shielded their faces from foreign reporters' television cameras.

One student said it appeared city buses had orders to deny rides to students for the day to discourage them from demonstrating. Beida is 15 kilometers (10 miles) from Tiananmen or at least one hour by bus.

By late afternoon a 24-year-old student, who did not come from Beida, repeatedly sought to whip up a crowd. But police consistently intervened.

"It is very possible that I will be arrested," the student said. "But that is fine by me. Our cause is just."

Some posters at Beida Wednesday called on students not to stage the protest, urging them to be realistic and criticising student "activists" for trying to use students for political ends.

"We cannot achieve our goals," a poster said.

An hour before the Tiananmen protest was scheduled to begin, some 200 to 300 students were gathered at Beida awaiting clear instructions.

The students were trying to work out their plan of action and demands to be made during the protest. Most appeared to be in favour of calling on the authorities to defend democracy and give more freedom to the press. [passage omitted]

Hong Kong TV on Demonstration

HK0806124688 Hong Kong Asia Television Limited
in English 1200 GMT 8 Jun 88

[Excerpts] In Beijing a protest planned by students has fizzled out because of extra-tight security around Tiananmen Square. Diana Lin reports from the Chinese capital:

[Begin recording] On most days thousands of tourists and locals would be swarming Tiananmen Square here in the center of Beijing, but today hundreds of public security men marched in at about 1300 to clear the square in anticipation of a widely publicized demonstration by Beijing University students.

Crowds milling around the square were repeatedly jostled by the police in what many observers felt was unnecessarily heavy-handed security. It did effectively block the protest planned for 1500, but at about 1700 a small band of students tried to speak to the crowd and stage a sit-in. They were quickly dispersed by police with bullhorns, backed by security teams. Eyewitnesses saw one person being hauled away, but it is not clear whether he is a student.

The aborted rally today was called in the wake of the death of Cai Qinfeng. [passage omitted]

Today the scene on campus was calm as hundreds of students perused a new batch of posters. They called for press freedom, more funds for education, improved human rights, and more democratic parliamentary elections. But they also told students to be cautious and refrain from upsetting the cause of China's reforms. [end recording]

Government Appeals to Students

HK0806132288 Beijing ZHONGGUO XINWEN SHE
in Chinese 0857 GMT 8 Jun 88

[Text] Beijing, 8 Jun (ZHONGGUO XINWEN SHE)—Several ruffians beat up some students from Beijing University early in the morning of 2 June, causing the

death of one and injuries to three. The Beijing Municipal Public Security Department is now stepping up the investigation and trial of this criminal case in accordance with legal procedures. However, a very small number of Beijing University members and a handful of people who have sneaked into the university have seized this opportunity to spread rumors, attempting to turn this criminal case into a political event. To cope with this situation the Beijing Municipal People's Government has issued a circular urging the vast number of teachers, students, and staff members of Beijing University to keep high vigilance and sober minds.

The circular said: The "Beijing Municipality Interim Provisions on Conducting Demonstrations" adopted by the 33d meeting of the Standing Committee of the 8th Beijing Municipal People's Congress on 26 December 1986, are a set of important regulations formulated in accordance with the Constitution and the state laws with the aim of safeguarding the citizens' right to stage demonstrations according to the law, and of maintaining public order in the capital. The circular reiterated: All demonstrations staged without approval are deemed illegal. All governments at different levels and all citizens in Beijing must defend resolutely and implement earnestly the aforesaid provisions. Any illegal activities conducted by a very small number of people under any pretext are definitely intolerable.

Today's BEIJING RIBAO carried the text of this "circular issued by the Beijing Municipal People's Government" together with a commentator's article entitled "Reform Needs a Social Environment of Stability and Unity." The article pointed out: Like the workers, peasants, and intellectuals throughout the country, the vast number of students at Beijing University are patriots who support socialism and reform, and show concern for the country's destiny. They call for developing socialist democracy, strengthening the legal system, overcoming bureaucratism, eliminating corruption, and so on. Their demands conform with the government's goals. And some student extremist emotion is, after all, understandable.

The article said: Grievances against the party, governments, and leading cadres at all levels can be voiced through various legitimate democratic channels, and people are allowed to properly exercise their democratic rights. Experience has shown that making trouble is good for nothing, and reform can never be achieved during an "earthquake." Allowing a handful of people to wantonly make trouble and create turbulence means to tolerate their sabotage against the opening up policy. This is intolerable to the Chinese workers, peasants, and intellectuals.

The BEIJING RIBAO commentator expressed his belief that the vast number of students would extend their support for reform with their actions.

Commentator Urges Political Stability for Reform
HK0806011888 Beijing RENMIN RIBAO
OVERSEAS EDITION in Chinese 8 Jun 88 p 1

[Commentator's article: "Reform Needs a Stable Political Environment"]

[Text] China's reforms have now entered a crucial stage. A number of very difficult projects of decisive significance in the entire systems engineering effort of reform, such as price and wage reforms and so on, are now facing us, and must be resolved with resolution and in safety. To get through these difficult barriers relatively smoothly and achieve our predicted goals, it is essential to have a stable political environment, and the whole country must make common endeavors.

During the past 9 years, guided by the line of the 3d Plenary Session of the 11th CPC Central Committee, the people of the whole country have scored achievements that have attracted worldwide attention in taking economic construction as the core, upholding the four cardinal principles, and adhering to the general guideline of reform and opening up. There have been notable increases in production, exports, and financial revenue, our economic strength has grown rapidly, and people's living standards have been continually rising. We must greatly cherish this fine situation, which was not easily attained.

Summing up our experiences, we find that one very important experience is to constantly clear away "leftist" and rightist interference and preserve resolutely the political situation of stability and unity. It is very evident that people can only devote all their efforts to reform if there is stability; they can only work with a single will to build the four modernizations if there is stability; all undertakings can only prosper more and more if there is stability; and the various social contradictions can only be resolved calmly and satisfactorily if there is stability. There can be no reforms and opening up and no drive to build the four modernizations if there is social turmoil. The current reforms are much more difficult than those of a few years ago, and thus all the more require concerted effort, which means that they all the more require the guarantee of a stable environment. At this historic moment, any action that damages social stability is bound to sabotage the reforms. Every person who genuinely supports reforms and opening up and is eager to build the four modernizations must consciously preserve the political situation of stability and unity. Reform is bound up with the fate of every person and with the future of the state and the nation. It will be an historic crime if opportunities are bungled at the crucial moment of reforms on account of artificial factors.

Stressing stability does not mean that we should not stress democracy. Building socialist democratic politics is the goal of endeavor that we have laid down. However, building socialist democratic politics must be done along the lines of the goals, steps, and tasks proposed by the

13th National Party Congress, and must benefit stability and unity and the building of the four modernizations. Stress on democracy cannot depart from the legal system or the four cardinal principles and cannot damage stability and unity. We are by no means avoiding the many contradictions and problems on our way ahead. In resolving these contradictions and problems, we can only apply the method of strengthening democracy and the legal system and cannot apply the method of anarchism. The so-called "democracy" that damages and sabotages stability and unity is something that we certainly do not need and that we must resolutely oppose.

Stressing stability does not mean that we should not oppose bureaucratism and rottenness. Resolutely opposing the bureaucratism and the rotten phenomena among certain work personnel in the party and government organs, such as graft, bribery, manipulating power for personal ends, acting in dereliction of duty, extortion, blackmail, and so on is an essential condition for ensuring the healthy development of reform and opening up and for ensuring stability and unity; and this has been consistently advocated by our party and government. The 13th party congress put forward the demand for governing the party with strictness, and the First Session of the Seventh NPC put forward the demand for incorruptible government. These demands express in concentrated form the strong aspirations of the masses. The party and government organs at all levels and the leading cadres at all levels must be strict with themselves and strive to attain these demands. At the same time, they must consciously accept the masses' supervision. To wage struggle under party and government leadership against bureaucratism and rottenness is also in the interests of preserving social stability and the reforms.

"Invigorate China and build the four modernizations" is our banner; it is the common goal of endeavor of the people of the whole country, and expresses their fundamental interests. The rights and wrongs of all words and deeds must be judged according to the criterion of whether they help to attain this goal. "Invigoration" cannot be achieved without stability, and the "four modernizations" cannot be achieved without stability. At this crucial moment in the development of reform, let us make concerted efforts to preserve still more consciously and determinedly the political situation of stability and unity.

Further Commentaries on Stability
OW0806062788 Beijing XINHUA in English 0551
GMT 8 Jun 88

["Reform Demands Stability — 'PEOPLE'S DAILY' — XINHUA headline]

[Text] Beijing, June 8 (XINHUA) — China's ongoing reform demands a stable political environment and this requires the support of the whole society, according to today's "PEOPLE'S DAILY."

A commentary published in today's issue said, China's reform has entered a "critical" period. And the country is now facing extremely difficult, yet essential projects, such as price and wage system reform.

The commentary stressed the importance of carrying these reforms out "firmly and systematically."

Putting aside interference from the left and right to maintain a political situation characterized by stability and unity has been paramount to China's good situation during the past nine years, the paper said.

"Only in a stable society can the Chinese people concentrate on carrying out reform, modernizing the country, and making all projects succeed," the commentary went on.

The commentary also said, only in a stable society will the leadership be able to deal with existing social problems effectively.

If the society is unstable, reform, the open policy and modernization are out of the question.

The reforms going on now are more difficult than previous ones, the paper explained, so more effort is needed from the whole society to ensure a stable environment.

"During this historical period, any act which disrupts social stability will inevitably hamper the reform," the commentary said.

The commentary called on all Chinese people to support the reform, the open policy and the modernization program, and to conscientiously safeguard a political situation characterized by stability and unity.

The building of socialist democracy and politics must proceed in line with the objectives, steps and tasks defined by last autumn's 13th National Congress of the Chinese Communist Party.

"This building must also be conducive to stability, unity and modernization," the commentary stressed.

Democracy can not be separated from the legal system or the four cardinal principles (adherence to the socialist road, the leadership of the Communist Party, the people's democratic dictatorship, and Marxism-Leninism and Mao Zedong Thought).

Problems arising during the advancement of the reform can only be resolved by improving democracy and the legal system, not by anarchist methods, the paper said.

"China doesn't need and must firmly oppose a so-called 'democracy' which disrupts stability and unity," the commentary warned.

"Focusing attention on a stable social environment does not mean giving up the fight against bureaucracy and corruption," the paper said.

This fight under the leadership of the Chinese Communist Party and government is designed to maintain social stability and protect the reform.

The commentary said the slogan "revitalize China and bring about modernization" has become the motto of the Chinese people and also embodies their basic interests.

The current criterion for judging the correctness of all remarks and actions is whether or not they are aimed at achieving this goal, the commentary stressed.

A "BEIJING DAILY" commentary today spoke out against a small group of Beijing University students for their attempts to turn a criminal case of a student beaten to death into a political issue.

China's workers, farmers and intellectuals will never allow a few people to cause disturbances, the "BEIJING DAILY" said.

Another commentary in today's "CHINA YOUTH NEWS" said, any act which disrupts social stability will make reform more difficult and slow down the reform.

The paper urged China's young people to join forces with the whole society in promoting the reform and open policy, while describing impatience with the pace of the country's political and economic reforms as "no good" and called extreme acts in this respect "harmful."

"CHINA YOUTH NEWS" also called on the country's young people to work hard to create a stable social environment which will promote the establishment of a new order of socialist commodity economy via political and economic reforms.

Li Peng Stresses Traffic Safety in Speech
OW0806092688 Beijing XINHUA Domestic Service
in Chinese 1332 GMT 7 Jun 88

[By reporters Xu Yaozhong and Yang Like]

[Text] Beijing, 7 Jun (XINHUA) — Li Peng, premier of the State Council, made an important speech at a national conference on traffic safety which ended today. While affirming the achievements on the communications and transportation front, the premier also pointed out existing problems, analyzed the main causes of accidents, and gave clear-cut instructions on coordinating the efforts of all quarters to reform communications and transportation and improve traffic safety.

Leading comrades of the party Central Committee and the State Council present at the closing meeting today included Hu Qili, Yao Yilin, Tian Jiyun, Li Tieying, Wu

Xueqian, Qin Jiwei, Rui Xingwen, Wen Jiabao, Wang Bingqian, Song Jian, Wang Fang, Zou Jiahua, Li Guixian, and Chen Junsheng. Yao Yilin chaired the meeting.

The 4 day national conference on traffic safety was sponsored by the State Council. At the conference, the representatives summarized experiences and worked out measures through discussion and study, thereby enhancing understanding and confidence and invigorating enthusiasm. The conference fulfilled the targeted objective and was a great success.

In his speech, the premier put forth the following seven point opinion for coordinating the efforts of all quarters to reform communications and transportation and improve traffic safety.

1. It is necessary to fully affirm the achievements scored by communications and transportation departments in recent years.

We must fully affirm the contributions made by communications and transportation departments to national economic development in recent years through their earnest implementation of the reform and open policy. It is only natural and understandable for leading cadres and the large numbers of workers and staff on the communications and transportation front to feel pressured due to the recent serious traffic accidents. However, they should not feel dejected. They should arouse themselves, draw lessons from the accidents, and turn the pressure into a motive force to overcome the passive situation in traffic safety and improve communications and transportation in order to contribute even more to the reform and open policy and the modernization drive.

The introduction of the contracted managerial responsibility system in all fields of railway transportation (that is, the all-around contract system) has fired the initiative, enthusiasm, and creativity of all railway workers and staff, and, by optimizing accumulation of funds by all railway managers and tapping potential, has accelerated the technical transformation and construction of railways. We must confirm that the all-around contract system in railway transportation is a move in the right direction, and that its results have been remarkable. The average annual growth rate of the railway transport volume over the past 2 years was 29 percent more than during the Sixth 5-Year Plan period, while capital construction investment and funds spent on purchasing locomotives grew 24.1 percent compared with before the introduction of the all-round contract system. Total mileage of new, double track, and electrified railways increased 18 percent annually over that in the previous 2 years. Progress is particularly conspicuous in accelerating the construction and technical transformation of railways transporting Shanxi coal to other localities.

In line with the State Council's decision, all provinces and municipalities have basically completed the work of reforming the highway transportation management

structure. Under the leadership of local governments and with the support of transportation and other departments, the public security departments at various levels have persistently implemented the principle of "putting safety above everything else and focusing attention on prevention" and achieved satisfactory results in consolidating urban and rural road traffic order, publicizing traffic regulations, and checking illegal occupation of roads. Practice has proved that authorizing public security departments to take charge of highway transportation is an effective reform measure which should be continued and improved. Through separating government administration from enterprise management, transforming functions, and instituting the contracted managerial responsibility system in the course of reform, the outlook of highway transportation departments has undergone a radical change. We have got rid of monopolized management, delegated power to port authorities, and explored various ways to raise funds to launch communications undertakings, thereby intensifying infrastructural construction and alleviating traffic congestion on roads and in harbors. The managerial structural reform initiated in the civil aviation system since last year separated government administration from enterprise management and airline companies from airports in the Chengdu, Shanghai, and Beijing Administrative Bureaus. As a whole, the reform has been smoothly carried out in these three administrative bureaus which have already started normal operations under the new structure.

We have large numbers of competent cadres, workers, and staff on the communications and transportation front as well as public security cadres and police, whose diligent labor should win the respect, understanding, and support of people across the country. It is necessary to earnestly summarize and publicize their advanced deeds and go all out to commend good people and things.

2. It is necessary to accurately assess the seriousness of the recent traffic accidents.

While fully affirming the achievements made, we should also realize the seriousness of the traffic accidents and the growing trend of serious mishaps, especially the recent series of catastrophies not seen since the founding of the country. These accidents caused deaths and injuries of people and grave economic damage. What is more, they have exerted an adverse influence on people, inflicting stress and insecurity and, in a sense, affecting social stability. In short, ensuring traffic safety is a task that brooks no delay. Leaders at all levels must give top priority to traffic safety and strive to improve the passive situation as soon as possible.

3. All communications and transportation departments should work out practical measures to ensure transport safety.

In order to overcome the current undesirable trend in transport safety, we must not only effect a temporary solution but also tackle the root cause of the problem. On the one hand, the central and local governments and enterprises should increase their investment in communications and transportation by making up any deficit, expanding equipment, adopting new technologies, beefing up transport capability, and raising the level of modernization so as to meet the growing needs of communications and transportation in our social and economic life. Investment increases are important and entirely necessary. However, they must be realized step by step and with available financial and material resources of the central and local governments. It will take a fairly long time before we will practically benefit from our investment. Therefore, a more important and practical approach is to urge leaders at all levels, including government leaders and leaders of communications and transportation departments and enterprises, to strengthen leadership, reinforce rules and regulations, promote education in spiritual civilization and professional ethics, strengthen training of workers and staff, and improve their proficiency. In other words, we should focus our attention on developing more effective internal management structures, reinforcing discipline, and in particular, properly handling problems of lax discipline and violations of rules and regulations in order to overcome frequent occurrence of accidents, ensure transport safety, and make better use of our transport facilities.

(1) On the Question of Railways:

First, the all-round contract system in railway transportation must be affirmed and continued, and it must be deepened and improved. The contract system should be carried out in line with the special understanding that railway transportation is a highly centralized undertaking and railways, the main arteries of the state, are of strategic importance. Railway bureaus and subbureaus should be allowed to institute the all-round contract system, including the contracting of transportation tasks, revenues, and accumulated funds to be delivered to the state, while grass-roots stations and sections should, instead of linking their income with the wages of their workers and staff, implement the method of comprehensive target management and evaluation. This will help promote unified operations in dispatching trains on an entire railway. It is necessary to especially emphasize here that railways, as an important means for transporting key materials covered by state plans, are of vital importance to the national economy. Therefore, all those involved in railway transportation, from top to bottom, must achieve unity in understanding and, under no circumstances, seek local interests at the expense of overall national interests.

Second, the depreciation rate in case of major repair should be increased, with the expenditure to be covered by the overall contract system. Funds derived from the increased depreciation rate should be used to step up

major repair work of main transportation facilities and overhaul defective roadbeds and bridges, and should not be diverted to capital construction. We should rather keep existing railways in good condition than build new lines and stations.

Third, we should study measures to reform the labor and wage system in order to resolve the egalitarian problem of everyone eating from the same big pot and widen the gap in income between jobs requiring special skills and those in general.

(2) On the Question of Road Traffic Management:

We have achieved good results in having public security departments take charge of road transportation. There are fewer disputes over trifles; people are more conscientious in observing the law; and cars are moving faster, thus alleviating traffic congestion and increasing transportation volume. It is hoped that all provinces and municipalities as well as departments, especially transportation departments, will energetically support the work of the public security departments.

We should pay attention to the problem of mixed traffic on roads. Currently motorized as well as nonmotorized vehicles move side by side on China's highways. This seriously lowers their service capability and has been the main cause of frequent highway accidents. Communications and transportation departments should earnestly study and work out measures to resolve the problem.

(3) On the Question of Water Navigation:

Safety of water navigation has been improved over the last 2 years. However, faulty management of ships by villages and townships remains rather serious, and accidents have been reported frequently. All localities should popularize the experience of Sichuan Province and assign responsibility for overseeing village and township run ships to town and county governments. It is necessary to formulate rules and regulations to inspect the safety of ships and check and ban passenger overloading. Along with the development of water navigation, the communications and transportation departments should adopt measures to prevent collision of ships on major rivers.

4. It is necessary to foster the concept of comprehensive communications and make the best use of all means of transport.

China has an irrational communications structure. While railways are seriously overloaded, there is more room on highways and water navigation capacity is not fully tapped yet. Especially the over 10,000-km-long coastal navigation routes are seldom utilized. It is necessary to apply the law of value and use such economic levers as credit loans and taxation to separate rail, water, and road transport and rationalize the communications structure. The transport of such voluminous materials as

coal, mineral ores, and lumber should be made through rivers, lakes, or highways. Efforts should be made to separate all existing transport capacities so as to effect a rational distribution of additional transport capacities and gradually set up a rationally structured comprehensive communications system.

5. Local governments should institute a strict safety responsibility system.

Local governments have an unshirkable responsibility to ensure traffic safety. On the one hand, they should support and coordinate with communications and transportation departments in ensuring traffic safety in their respective localities. On the other hand, they should improve traffic public security. At present, traffic public security is in bad shape with rather serious problems in some places. There have been such instances as riding trains or buses without a ticket, committing crimes on trains or buses, and seriously interfering in transportation and safe traffic operations. Local governments should instruct public security and other departments concerned to make coordinated efforts to change this state of affairs as soon as possible. Moreover, there is another very serious problem: Some localities and departments have arbitrarily set up checkpoints on roads and indiscriminately imposed fines. This problem has become more and more serious rather than having disappeared in spite of repeated efforts to ban the practice. Many local departments in charge of industry and commerce, finance and taxation, urban administration, environmental protection, agricultural machinery, coal production, tobacco monopoly, forestry, public health, and epidemic prevention and even some village and town units, joint public security organizations, and villagers' organizations have acted on their own to stop and check vehicles on urban and rural roads so as to collect fees or impose fines. As a result, there are numerous checkpoints on roads, and traffic is jammed. This has not only corrupted social values, endangered traffic safety, and caused economic losses to those doing transportation business, but also affected the development of production and commodity circulation to a serious extent. Local governments should investigate the various checkpoints that now exist and straighten out problems in accordance with the relevant rules set by the State Council. They should see to it that the chaotic phenomenon of arbitrarily setting up checkpoints is corrected within a prescribed time limit.

6. More attention should be devoted to building a legal system to ensure traffic safety.

To radically improve traffic safety, it is imperative to include this as part of the work of building the legal system. At present, emphasis should be put on the following three tasks: One, attention should be paid to the enactment of laws and regulations aimed at ensuring traffic safety so that there is something to abide by legally. Two, it is necessary to strictly enforce laws. We should see to it that laws are followed and strictly

enforced and law offenders are punished. At present, the problem of failure to enforce laws strictly and even failure to punish law offenders is still very serious. Governments at all levels and public security and judicial departments should make coordinated efforts to create an environment for the strict enforcement of laws. Third, we should raise the awareness of the broad masses of people concerning the legal system and conduct wide-scale propaganda on traffic safety laws and regulations so that the masses will know, understand, and abide by them.

7. It is necessary to correctly handle the relationship between objective conditions and subjective efforts.

This is a very important question. Unless this question of people's understanding is resolved in an effective manner, it will be impossible to radically improve traffic safety. There are many reasons for the occurrence of traffic accidents. Certainly, old and outdated equipment and insufficient transport capacity are major problems which should be resolved. However, the main reason for the bad situation at present with regard to traffic safety is the lack of strict internal management and the poor quality of traffic workers. Most of the major pernicious accidents that occurred successively this year were not caused by outdated equipment or insufficient transport capacity. Rather, they were accidents caused by negligence due to lack of discipline and violation of rules and discipline. During the past years, many advanced units in traffic safety have emerged from various communications and transportation departments. Their transport tasks were not less heavy than those of the units involved in major accidents, neither did they have exceptionally advanced equipment at their disposal. The crux is that they pay proper attention to their internal management. As can be seen, being strict in management is the most important and effective measure for changing the bad situation with regard to traffic safety at present. Here "being strict" means neither being strict in issuing documents nor being strict in giving verbal instructions. Instead, it means taking really strict action and being really strict in implementation and management. First, cadres should play a leading role in being strict with themselves and being strict in meting out rewards and punishment. Second, we should arouse the enthusiasm of the broad masses of staff members and workers to put strict demands on themselves. Third, there should be solid demands and standards.

In conclusion, Li Peng said: As long as the vast numbers of cadres, staff members, and workers on the communications and transportation front are striving in concert to earnestly meet the objectives and demands and carry out the measures set at this conference, a new look of traffic safety will certainly appear, and our communications and transportation work will, no doubt, further improve. This will, in turn, make a new contribution to guaranteeing the smooth implementation of the reform and open policy and the sustained and stable development of our national economy. We believe that the vast numbers

of cadres, staff members, and workers on the communications and transportation front will enhance their spirits and work hard to live up to the expectations and trust put in them by the party and people.

Commentator Views Productive Forces Criterion
HK0406084088 Beijing GUANGMING RIBAO
in Chinese 14 May 88 pp 1, 3

[Commentator's article: "The Productive Forces Criterion"]

[Text] In the period of socialist construction, especially in the years of reform, what is our criterion to verify all undertakings, to evaluate our work in different fields, and to judge lines, ideological arguments, or theoretical viewpoints? In brief, we should adopt the productive forces criterion.

The productive forces criterion is so important because every undertaking and all work in socialist construction is aimed at the development of the productive forces as a key task. Only when the productive forces are fully developed will: Our country prosper and the people become rich; education, science, and culture boom; the people's moral quality be improved; the public ownership and the people's democratic regime be consolidated and developed; and all social problems be solved once and for all. Without the development of the productive forces all efforts will become mere illusions and empty talk.

Therefore, during the whole historical period of socialism we must unswervingly hold to the concept that development of the productive forces is the key link in all work, stick to the productive forces criterion, and base our work in every field on a scientific and realistic foundation.

The Materialist Significance of Adherence to the Productive Forces Criterion [subhead]

First of all, adherence to the productive forces criterion means further adherence to the materialist ideological line that the party has advocated since the 3d Plenary Session of the 11th CPC Central Committee. In the main, this ideological line advocates emancipation of the mind, the principle of seeking truth from fact, and the view that practice is the sole criterion for testing truth. The massive discussion launched nationwide 10 years ago on the view that "practice is the sole criterion to test truth" made ideological and theoretical preparations for restoration of the materialist ideological line. At that time our main purpose in raising the question on the practice-oriented view was to encourage people to break away from the dogma of "two whatevers," to cast off modern superstition, and to speed up the process of setting to right things that had been thrown into disorder in all fields. If this problem had remained unsolved it would be impossible to truly shift the party's focus of work to the modernization program and to introduce a series of reforms relating to the production relations and

the superstructure in the interests of the development of the productive forces. After the 3d Plenary Session of the 11th CPC Central Committee and in the wake of victory in the struggle to set things right, the party has: Given fuller play to, and further developed, the criterion concerning practice as a materialist concept; laid down a philosophical basis for the theory on socialism with Chinese characteristics; and put forward the basic national policy for reform and opening up. All these efforts were made with the purpose of vigorously developing the productive forces of society. The 13th party congress reiterated that "Our fundamental slogan remains: 'Emancipate the mind, seek truth from facts, unite as one in looking to the future.'" Both our starting point and ultimate goal in emancipating our minds and upholding the principle of seeking truth from facts is to develop the productive forces. The evolution from the criterion on practice to the productive forces criterion is a process of logical development.

Second, to uphold the productive forces criterion means to uphold the historical materialist view that the productive forces are the ultimate decisive motive forces for every social development. In their massive exposition on historical materialism, Marx and Engels elaborated on the decisive role of the productive forces in social development from various angles. Marx held that the productive forces are the "basis of all human history." Commenting on Marx' materialist conception of history, Lenin pointed out: Only when all "social relations are interpreted in terms of the production relations" and "the production relations are interpreted in terms of the productive forces, will it be possible to interpret, on reliable grounds, the development of social form as a natural historical process" ("Selected Works of Lenin," Vol 1, p 8) and to expose the objective law governing the whole social development process. Divorced from this point of view, one falls into the trap of historical idealism. Historical materialism is part of the theoretical basis that turned utopian socialism into scientific socialism.

Third, upholding the productive forces criterion is especially important to socialist construction. Fundamentally speaking, socialist revolution arises from the needs of the development of the productive forces. In the very beginning Marx thought that socialist society would be built on the base of a developed capitalist society. However, actual historical development showed that socialist society was first built in countries where capitalism had not fully developed, and where the development standard of the productive forces and labor productivity, and the degree of socialization and commercialization of production, were relatively low. This was a result of the joint operation of various social contradictions. As soon as a socialist system is established, the development of the productive forces must be taken as a task of fundamental importance. One is upholding the mechanistic if one maintains that socialist revolution is impossible when the productive forces are

underdeveloped, even if the conditions for revolution are available. However, it is merely a dream to expect that a socialist system can be readily consolidated and developed without large-scale development of the productive forces.

It is an idle dream because the productive forces, as an objective and material factor, cannot be created through subjective imagination or through such campaigns as the so-called "Great Leap Forward" under which it was claimed that "1 day can equal 20 years." Socialism is a social form more advanced than, and superior to, any other social system that has ever been practiced. Socialism will one day show its superiority in terms of material and spiritual progress. In the final analysis, spiritual progress, such as progress in the political, legal, moral, and cultural fields, will be achieved on the premise of material progress. That is, the development of the productive forces. Temporary spiritual progress may be possible without material progress under certain circumstances, but such spiritual progress will not be sustained. After all, spiritual progress in a society must be based on material progress. Therefore, in the final analysis, the superiority of socialism will have to be verified by the development level of the productive forces as an objective material criterion. As Comrade Deng Xiaoping pointed out: "In practicing socialism we must develop the productive forces—poverty is not socialism. We should uphold socialism and we should further develop a socialism which is really superior to capitalism. Although we now claim that we are practicing socialism, we are actually not qualified to make such a claim. Only in the mid-21st century when China emerges as a moderately developed country, will we be qualified to claim that we have really built socialism and declare with full confidence that socialism is superior to capitalism." Of course, it is in terms of the productive force criterion that we say we are still "not qualified" to make the claim. For this reason, at the present stage we must make every effort to develop the productive forces while emphasizing the superiority of socialism. We cannot convince others if we merely indulge in empty talk about superiority without vigorously developing the productive forces. Socialism will fully show its superiority as long as the productive forces are developed, the country is getting prosperous, and the people's material and cultural living standards are enhanced.

In China, since our party has led the people in carrying out the revolutionary struggle over a long period, the focus has always been placed on evolution of the production relations and the superstructure. On the other hand, in the wake of the victory of revolution, the party successfully fulfilled its political program for the switch from democratic revolution to socialism. In addition, the socialist transformation of private ownership of the means of production was unexpectedly accomplished far ahead of schedule. All this encouraged a tendency toward blindness among our comrades. As a result, our comrades have adopted a lopsided view, believing that all guidelines and plans can be determined by subjective

will, or even that the establishment of and change in socialist production relations can also be determined by the superstructure and subjective will, regardless of the intrinsic demand arising from the development of the productive forces. They have completely ignored the Marxist historical materialist principle which claims that the productive forces are the ultimate decisive factor for social development.

Dominated by this historical idealist view, our comrades have always emphasized the counteraction, or even the decisive role, of the production relations on the productive forces. What is more, they have even ignored the current state of the productive forces and relied solely on the superstructure in unremittingly changing the production relations. They believed that the larger the scale and the higher the degree of public ownership in production relations, the better they could arouse people's enthusiasm for production; and that the "transition" must be carried out even if the people are "impoverished." No sooner had socialism really started than they attempted to jump to communism, thus the evolution of the production relations surpassed the development of the productive forces. This hampered the further development of the productive forces and even seriously damaged the productive forces. This is the origin of all the erroneous "Left" ideas which were adopted in the past. This historical lesson also shows the importance of the productive forces criterion.

In Reform, All Measures Favorable to Development of the Productive Forces Must Be Upheld, and All Matters Hampering Development of the Productive Forces Must Be Discarded [subhead]

The basic contradictions in socialist society remain those between the production relations and the productive forces and between the superstructure and the economic basis. The only way to overcome these contradictions is to transform unremittingly the production relations and the superstructure, eradicate all unfavorable factors embodied in them, and make them suit the development of the productive forces.

Since the 3d Plenary Session of the 11th CPC Central Committee, based on a specific analysis of the basic contradictions in socialist society, the party has set out the reform of the economic and political structures.

In substance, reform of the economic structure means to reform the production relations so as to make them suit the development of the productive forces. The degree of social progress is to be evaluated using the productive forces criterion rather than the criterion on the production relations alone. Production relations which have surpassed the development of the productive forces are to be readjusted so that they suit the actual circumstances. China's productive forces have been developing slowly over a long period since completion of the socialist transformation. The fundamental reason for this is that in the evolution of the production relations we have

blindly attempted to make them "pure," "large in size," and "collective in nature" which has resulted in a serious divorcing of the productive forces and the production relations. Development of the productive forces will be impossible if the production relations are not readjusted to suit the development level of the productive forces. The readjustment of the production relations demands that we stop mechanically copying Marxist ideas on socialism, break away from the Soviet socialist mode and our own old structure which took shape during the war years, establish a structure of planned commodity economy, and attach importance to commodity production, the law of value, and the role of the market. Only an economic structure such as this can open a broad way for the development of the productive forces.

Reform of the political structure is also aimed at development of the productive forces. China's fundamental socialist political system is good, but it has some major shortcomings regarding the specific leadership system, organizational form, and working modes. These are mainly reflected in the phenomena of overconcentrated power, serious bureaucratism, and the longstanding feudal influence, which have all seriously hampered the development of the productive forces. In the final analysis, the development of the productive forces is our very aim in: Introducing reform of the political structure; further promoting socialist democracy; perfecting our socialist legal system; working hard to overcome bureaucratist and feudal influences; raising our working efficiency; creating an environment and a mechanism that can give full play to the roles of all kinds of qualified personnel; improving the quality of party and state cadres; invigorating party and state organs; correctly handling and coordinating different social interests; and bringing the initiative of the masses into play.

Therefore, in carrying out reform of the economic structure, the political structure, or in other fields, we can never forsake our basic goal of development of the productive forces. We will deviate from the reformatory line once we forsake this goal and treat reform just as a "fashionable" drive. Similarly, it will be out of tune with the original purpose of the reform if the productive forces criterion is replaced by another as the criterion for evaluating reform.

There is no fixed mode for reform, which needs the emancipation of the mind and the courage to blaze new trails, but there is an objective criterion for verifying a reform—whether or not it promotes development of the productive forces. Any reformatory measure favorable to the development of the productive forces is feasible and must be upheld; and any measure that is unfavorable to or hampers the development of the productive forces must be resolutely broken, forsaken, and eliminated, no matter whether it was laid down by our ancestors or has long been actually practiced.

To evaluate our work in all fields, especially the reform, in light of the productive forces criterion we must first analyze the productive forces from all sides. The productive forces involve not only material but also human

factors, and the latter are even more important. Man is the most active factor in the productive forces. Therefore, while evaluating our work in all fields in light of the productive forces criterion, we must pay attention not only to increases in material products and growth in economic output value, but also to the overall development of man as the main factor involved in production. Meanwhile, in accordance with Marxism's basic view that science and technology are a part of the productive forces, we must also take science and technology as a factor of the productive forces criterion. Any methods, forms, and systems that are favorable to scientific and technological development, and that can help to turn science and technology into productive forces, must be resolutely upheld. Thus based on the above argument, both improvement of the quality of laborers and the fostering of a great number of qualified personnel are fundamental undertakings of decisive significance to development of the productive forces. It will be very meaningful to interpret, in light of the productive forces criterion, the 13th party congress decision to place education in an essential strategic position, and the important role of reform of the scientific and technological research structure and reform of the education structure.

Extricate Ourselves From the Mode of Thinking Whereby Either the Label of "Socialism" or of "Capitalism" Is Put on Anything in Question [subhead]

We have heard the question: Now that the productive forces are taken as the criterion for evaluating everything, does this mean that we no longer care about whether a thing is of a socialist or capitalist nature? It was a fact that for a long time in the past, we cared more about whether a matter was of a socialist or capitalist nature, than about the development of the productive forces (not to mention the "gang of four's" extremist view that "socialist weeds are preferable to capitalist seedlings"). Consequently, at present, whenever any major reformatory measure is to be adopted, people are always tempted to either put the label of "socialism" or of "capitalism" on it. This is a way of thinking that history has molded and left people with, and it is related to the preference for the name over the reality that is embodied in our traditional way of thinking. If we always follow this way of thinking we will be annoyed by endless doubts and we will not be able to move a single step. In this way nothing can be achieved. Therefore, in upholding the productive forces criterion we mean to extricate ourselves from this way of thinking.

First of all we must distinguish between the period of revolution and the period of construction. During the period of revolution we needed to pay attention to changing the production relations and took class struggle as a key task, and so on. However even at that time, not to mention the present when we have entered the period of socialist construction and when developing productive forces has become our direct central task, our purpose in so doing was to emancipate the productive

forces, and the criterion by which we evaluated all policies and measures was whether or not they were beneficial to development of the productive forces. If we say that in the period of revolution the final decisive role of the productive forces had to be realized through evolution of the production relations, then we must admit that the productive forces criterion is of direct decisive significance in the period of construction. Therefore, from an overall point of view, adherence to the productive forces criterion does not mean ignoring the socialist or capitalist nature of a matter. In fact, the question concerning the distinction between socialism and capitalism has already been solved by history. It is on the premise that the socialist system was established in China that we started the reform, which is the self-improvement and development process of the socialist system. Upholding the productive forces criterion and concentrating our attention on development of the productive forces merely means to give full play to the superiority of socialism and to make it more attractive. In doing so we are actually upholding socialism. Just like those who were afraid many years ago that emphasizing practice as the sole criterion to test truth would weaken or even shake the guiding position of Marxism-Leninism-Mao Zedong Thought, it is equally groundless and unnecessary for some people today to be afraid that upholding the productive forces criterion may distract us from socialism and weaken or shake its position. Having realized this, we will have an objective criterion in our minds to evaluate our performance in the reform; we will be able to boldly break away from old conventions and blaze new trails, and to forge bravely ahead all the way, with all doubts and worries dismissed; and we will know where we are when we do something wrong and how to correct our mistakes in the light of a good guideline.

Furthermore, the way of thinking whereby everything must bear either the label of "socialism" or "capitalism" is not scientific in itself. Socialism and capitalism are two concepts which have specific definitions and apply to only certain fields. Not everything can be labelled as "socialist" or "capitalist. Socialism and capitalism denote two different types of production relations and two different social systems. Applying the concepts of socialism and capitalism and classifying any matter based on these two concepts beyond the limits of their definitions will cause confusion. In fact not all social phenomena are covered by the concepts of socialism and capitalism. Some phenomena are common to all human societies and apply to all historical stages, while other phenomena apply to different social systems under the same historical conditions. For example, societies practicing socialized mass production have some common features which suit both capitalism and socialism but do not apply to small-production; some phenomena (say, the law of value) are the common features of commodity economies, and they apply to simple commodity production and exchange, to capitalist commodity production and exchange, and also to socialist commodity production and exchange, but do not suit the self-sufficient natural economy. In reform, we should adopt some

measures, forms, and methods that suit modern mass production and the commodity economy and we should not be constrained by the abstract argument on "socialism" and "capitalism." Here we have a fundamental criterion to judge whether the adopted economic measures, forms, and methods are suitable. According to this criterion we are to see whether these measures, forms, and methods suit the present development level of the productive forces in China and whether they are favorable to the development of the productive forces.

Reunderstand Socialism, Capitalism, and the Relationship Between Them [subhead]

In the final analysis, to extricate ourselves from thinking that everything must bear the label of "socialism" or "capitalism," we need to reunderstand and reevaluate socialism and capitalism, and the relationship between them.

Marx's socialist theory transformed utopian socialism into a science and scientific socialism is what we must uphold. On the one hand, the Marx's idea about future socialism, due to the historical restrictions of his time, can only be regarded as a scientific theory from which we cannot expect too much. On the other hand it is impossible to predict many problems that may arise in progressing from the tentative idea to theory, from theory to practice, and from practice to the formulation of a system. Marx could not possibly foresee the emergence of the world's first socialist society in a semifeudal country with underdeveloped productive forces. To build socialism in a country like this one can only start from the actual circumstances in one's own country, take the productive forces level and the basic conditions of one's own country into consideration, and choose one's path.

One of the basic facts in China is that we are not practicing socialism in a modern society. We first had to establish a socialist system and now we are carrying out our modernization program. In order to achieve modernization we must first realize the socialization and commercialization of production, and the socialization of production itself is to be achieved in the development process of the commodity economy. To practice socialism in China we must first destroy the natural and semi-natural economies and go through the commodity economy development process that is supposed to be completed during the stage of capitalism. In the final analysis, our purpose in developing the commodity economy is to develop the productive forces.

Now that the commodity economy is needed in the development of the productive forces of a socialist society, the law governing the development of the commodity economy must be observed. We can adopt and must uphold many reformatory measures that suit the development of the commodity economy such as: Coexistence of various economic sectors on the condition that public ownership plays a dominant role; separation of

ownership and management; introduction of the contracted management, management-on-lease, and joint stock systems, and others; enterprise mergers; and the establishment of the monetary market. In other words we should emulate and adopt any management forms and administrative means that suit the socialist commodity economy and socialized mass production, some of which may have already proved effective in capitalist society. Many of those management forms and administrative means practiced by capitalist society originated from the commodity economy and socialized mass production. They form a branch of science and they are the common cultural wealth of mankind and both capitalism and socialism can make use of them. Of course, people make use of them for different purposes. Socialist society uses them to develop the productive forces and to create wealth for all the people. We will only submit ourselves to trammels and suffer if we arbitrarily put political labels on these forms and means. The following is a formula presented by Lenin on assimilation of capitalist management forms: "Be willing to assimilate good things from foreign countries—the Soviet political regime plus the Prussian railway transport system plus the technology and trust organization of the United States plus the United States' public education and so on plus ... sum total equals socialism." ("Manuscripts of Lenin," Vol 3, p 94) This formula is a profound inspiration to us.

So it naturally gave rise to the question of reunderstanding capitalism. We must admit that most of our knowledge about capitalism was obtained from reading the works of Marx and Lenin and, therefore, we have a better understanding of traditional capitalism but a poor understanding of modern capitalism. In Marx's time, capitalism was in its initial stage; some countries had completed their industrial revolution while others were still in the primitive accumulation of capital stage. Ruthlessly exploiting workers at home and practicing expansionism and invading other countries abroad, these capitalist countries were really terrifying. Also due to historical restrictions Lenin, in his work "On Imperialism," concluded that capitalism at that time was decadent and dying. However there have been some unexpected changes since World War II, and especially since the 1960's. Since new scientific and technological developments have been applied to production, the productive forces have developed remarkably. As we have long remained in a closed state we know little about these changes and developments. After World War II, in response to restoring and developing the productive forces, capitalist society built up some self-regulating mechanisms in certain fields, and these mechanisms are just what a highly developed commodity economy needs. To meet the needs of the development of the commodity economy, a basically complete legal system has taken shape to impose restrictions on monopoly and guarantee an environment with a certain degree of free competition. A management stratum composed of a vast number of professionals has also taken shape to promote the further development and maintain the vitality of the productive forces. At present, socialist countries are

economically weak and lack strong self-regulating mechanisms. The fundamental reason for this lies in their underdeveloped productive forces. The solution to this problem is reform. Through reform we will be able to completely change the existing economic and political structures which hamper development of the productive forces, and establish socialist economic and political structures imbued with vitality. Only in this way will we be able to expedite the development of the productive forces. Now that capitalism has achieved modernization by bringing its own systems into play, why cannot socialism achieve it the same way? We have full confidence in socialism in this regard.

Here we are also faced with the question of reunderstanding the relationship between socialism and capitalism. It is self-evident that socialism and capitalism as social systems and social forms have substantial distinctions between them. The problem is that we have looked at these distinctions in an abstract manner for a long time, treating socialism and capitalism as diametrically opposed to each other while ignoring the other side of their interrelations, namely the features that are linked to each other. Such a point of view is not in keeping with the original idea of Marxism, nor with the actual facts. In the 1950's people believed that there was a "life-and-death" struggle between socialism and capitalism; then, during the "Cultural Revolution," some people maintained that "socialism can never develop without suppressing capitalism." Of course, at that time some socialist things were "suppressed" as if they were capitalist. Mistakes of this type were already corrected through the process of setting things to rights, but is the "life-and-death" struggle the only form of relationship between capitalism and socialism as they are properly defined? This question has yet to be further clarified.

In the process of historical development, capitalism represents a type of economic relations more advanced than the feudal and patriarchal small-production (that is, small production in the natural economy). Capitalism played a revolutionary role in history, and socialism should take over all positive achievements developed under capitalism. This is what Marxism teaches us. Lenin pointed out: After the victory of socialist revolution in an economically underdeveloped country, and under the circumstances that the patriarchal small-production as a feudal remnant remains very active and the commodity economy is underdeveloped, capitalism can and should be used to promote the development of socialism. He said: "We should make use of capitalism as an intermediary between small production and socialism and as a means, a way, and a form to raise the productive forces" ("Selected Works of Lenin," Vol 4, p 525). In other words we can use capitalism to promote the development of socialism in two aspects: First, capitalism can serve as an intermediary in the transition from small production to socialist mass production; and, second, it can serve as a means, a way, a method, and a form to raise the productive forces. In putting forward

this view Lenin was subject to some specific historical conditions, but his approach to the question is still enlightening today.

China established its socialist system on a semicolonial, semifeudal basis with a productive force level lower than that in Russia. In order to develop the commodity economy and the productive forces in the initial stage of socialism, we should develop different economic sectors of different ownership natures, with public ownership playing a dominant role; and we should practice different forms of distribution, with distribution according to work playing the key role. For example the private economic sector can be allowed to develop to a certain extent and with regard to distribution, income arising from sources other than labor work should be tolerated. There is no need to seek a highly pure economy, for there is no absolutely pure thing in this world. We must be aware that the private economic sector that survives under the dominance of public ownership is subject to restrictions by the socialist economy which plays a dominating role in China, and it is not an independent being isolated from the socialist system. The existence and development of the private economy are also subject to a criterion in that the private economy must suit the present productive forces level and be favorable to the development of the productive forces in China. In the final analysis, the private economic sector will be advantageous to socialism so long as it is favorable to the development of the productive forces. Indiscriminately repudiating all things that should have been acceptable to socialist society will only hinder the development of the productive forces. Scientific socialism demands that we restrain ourselves from evaluating the realities in light of abstract principles or utopian modes regardless of the productive forces criterion, because such practice will only spoil the reputation of scientific socialism and Marxism.

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[Article by Zhao Ai (6392 5337) and Wu Ming (0702 2494):
"Reform Faces Ten Major Theoretical Problems"]

[Text] The PRC State Commission for Restructuring the Economy has recently straightened out the situation in which the opinions of the Chinese economic circles vary on reform of the economic structure and found ten basic theoretical problems, which is the point at issue in economic circles.

The Main Characteristics of the Initial Stage [subhead]

The 13th CPC Congress clearly put forward: China is at the initial stage of socialism. Acknowledging that China is still at the initial stage of socialism is a great theoretical achievement in reform of the Chinese economic structure in the past 10 years as well as an important progress made by Chinese economic circles.

The main characteristics of the initial stage, as theoretically summarized by the Chinese economic circles, relatively universally are: Underdevelopment, imperfection, and immaturity, which prevents us from giving full play to the strong points of socialism. This is expressed in that: Productive forces are, on the whole, of low level, multilevel, and unbalanced; production relations emerge in the form of the coexistence of many economic sectors with the public ownership of the means of production as the main body and in the form of the coexistence of many distribution forms with distribution according to work as the main body; although the people's democratic dictatorship—a socialist political system—has been established, democracy is still very imperfect and the legal system is not sound enough; decadent feudalist and capitalist ideologies and the force of habit of small production still exert extensive influence, and so on.

Planning and Market Still an Endless Debate [subhead]

How the relations between planning and the market are handled has been an endless debate in Chinese economic circles since reform of the economic structure began and the point at issue. One view holds that the planned economy is the basic economic characteristic of socialism and that although commodity production and commodity exchange must be vigorously developed in socialism, this is not tantamount to admitting that socialism is the commodity economy.

Another view is that the socialist economy has the basic characteristic of both the planned economy and commodity economy, which does not rule out the product economy with commodity-money relationship but is the planned economy with commodity production and commodity exchange extensively existing. The commodity economy, therefore, unavoidably becomes one of the basic economic characteristics of socialism.

There are three views on the relations between regulation through state planning and regulation through the market.

The first one is the "theory of monolith." It holds that regulation through state planning should be carried out in production and construction which are needed by whole society and have a bearing on the national economy and the people's livelihood. Regulation through the market should be carried out in cases other than this.

The second one is the "theory of infiltration." It holds that regulation through state planning and regulation through the market are of no monolithic relationship but of the mutual infiltration relationship. Regarding many products, both regulation through state planning and

regulation through the market should be carried out and regulation through state planning can be realized by regulation through the market.

The third one is the "theory of growth and decline." It holds that the relations between regulation through state planning and regulation through the market are the relations between growth and decline. Socialism is a process of development from the commodity economy to planned economy. In this process, regulation through state planning must change from little to much and from weak to strong whereas, regulation through the market must change from much to little and from strong to weak and will perish together with the commodity-money relationship. Regulation through state planning will replace regulation through the market and gradually become the only form of regulating the socialist economy.

What Patterns Reform of the Economic Structure Needs [subhead]

The slogan "crossing a river by touching stones" was prevalent in the mainland before. The economic circles of China have their own explanation and they hold that this slogan shows a desire for prudence and is beneficial to reform. However, we must have a pretty good idea of how to carry out reform. Many economic research organizations have, therefore, taken the target of reform of the economic structure as the major task of their research. There are roughly four patterns of the target:

People who advocate the pattern of the establishment of the planned commodity economy hold that this pattern with the inherent unity of the planning mechanism and market mechanism as the basic characteristic is different from the pattern of the traditional highly centralized and unified planned economy and from the pattern of the market economy mainly directed by the market and is the organic combination of regulation through state planning and regulation through market under the guidance of state plans on the foundation of the market mechanism.

People who advocate the pattern of market coordination with macrocontrol under the guidance of state plans hold that the main characteristics of this pattern are to regard strengthening enterprise vitality as the center, to take indirect control by economic means as the main method, to integrate the principle of material interests with the principle of social justice, to extensively develop horizontal ties, and so on.

People who advocate the pattern of the unity of the commodity economy and planned economy on the foundation of public ownership hold that the basic main point of this pattern is to replace the old macroregulation mechanism with the product economy operating by the new macroregulation mechanism with the commodity economy operating.

People who advocate the pattern of the establishment of planned market hold that the main contents of this pattern are to integrate direct control with indirect control, to take indirect control as the main method, to regulate the aggregate activities of the enterprises and market environment, and to regulate the scale and structure of gross social supply through the regulation of the scale and constitution of gross social demand.

The Train of Thought on Reform of Ownership [subhead]

—To perfect state ownership and transform the contents of state ownership. According to the different situation of the enterprises, it is necessary to separate the proprietary rights from the operation rights at different degrees under state ownership and to adopt many forms of operation.

—To change ownership by the whole people to enterprise ownership, ensure enterprise ownership and enterprise operation, and assume responsibility for profits and losses.

—To replace state ownership by stock ownership. A part of the assets of the enterprises under ownership by the whole people must be transferred to the enterprises at a fixed price, staff members and workers must be asked to buy shares, and the state must set up holding companies to form a pattern of enterprises jointly run by the state, enterprises, and laborers.

The necessity of transforming ownership is not only a kind of thought but a kind of reality. However, Chinese economic circles are continuously cudgeling their brains to study the way to transform ownership to such an extent that the creativeness of the enterprises can be brought into play without divorcing China from the socialist path.

One view is that in the light of the actual situation of the development of the productive forces, it is necessary to establish a rational ratio among ownership by the whole people, collective ownership, and all kinds of socialist and nonsocialist ownership, which should roughly be 5:3:1:1.

Another view is that to rationally allocate the structure of ownership, it is essential to lay stress on a certain "quality, quantity, and degree." In "quality," it is imperative to ensure the dominant position and decisive role of the public-owned economy in the social economy and permit the existence and a certain degree of development of the individual economy and the other economic sectors; in "quantity," it is necessary to guarantee the absolute advantage of the public-owned economy and guarantee that the individual economy and the other economies should preferably be 10-20 percent of the industrial output value, 20-30 percent in agriculture, and slightly higher in commerce and the service trade; in

"degree," it is necessary to conform to the socialist principles and promote the rapid development of the social productive forces while it is beneficial to adhere to the socialist orientation.

What the Key to Reform Is [subhead]

What is the key to and starting point of reform of China's economy and how do we grasp the key to develop reform in depth? There are roughly five views:

The first view is that price reform is the key to reform of the economic structure and that correctly understanding the inherent connection between price reform and reform of ownership, completely understanding the position and role of price reform in reform of the economic structure, and penetratingly analyzing the focal points of price reform is not only an important theoretical problem in reform of the economic structure but also practically necessary for further designing the thought on and plan for reform.

The second view is that reform of ownership is selected as the starting point and that the key to reform of ownership lies in setting up a rational profit distribution mechanism to perfect socialist public ownership.

The third view is that the basic defect of the traditional economic structure is the imperfect market mechanism and that the course of reform is, therefore, to unremittably put the market mechanism on a sound basis and to perfect it by following the thought on the planned commodity economy and to eventually establish the new economic structure on the foundation of the market mechanism.

The fourth view is that emphasis is laid on all-round reform and that the achievements in reform of the economic structure are not determined by the implementation of the measures for any single item of reform but by the coordinated implementation of the measures for all reforms of the economic management structure as a whole.

The fifth view is that the key to reform of the economic structure does not lie in economic reform itself but in social reform; the starting point of reform of the economic structure does not lie in the "queer circle" of the economic structure but in reform of the political structure and transformation of social psychology.

Is the Stock System the Orientation [subhead]

The stock system has been a popular subject of the Chinese economic circles in recent years. Some people assert categorically that the socialist commodity economy is substantially different from the commodity economy built on the foundation of private ownership and the stock economy is not the inevitable product of the development of the socialist commodity economy; the implementation of the stock system not only cannot

properly handle the relations between the government and enterprises but also can aggravate the phenomenon of the integration of government administration with enterprise; and the implementation of the stock system will step up the irrational actions of enterprises to some extent. Receipt of dividends according to shares may likely lead to the inflation of consumption funds and the problem of the short-term actions of the enterprises still cannot be solved.

Some other people adopt a moderate attitude and hold that the stock system can be implemented under certain conditions but cannot be implemented in an all-round way. They hold that the implementation of the stock system under certain conditions is beneficial to the concentration of funds and can promote the effective combination of all production factors. However, the stock system cannot be implemented in an all-round way and is especially unsuitably implemented in the enterprises which can acquire high monopoly profits.

People, who agree that the stock system is an important way to reform state ownership and can become an important economic form of reform of ownership, hold that the stock system can specify the relations of ownership, solve the problem that nobody is responsible for the assets in the enterprises under ownership by the whole people, establish mutually restrictive relations among the proprietors of the enterprises, operators, and producers, rationalize the actions of enterprise operation, raise idle funds in society, is conducive to the restraint of investment inflation, and can better the deployment of social resources. When the staff members and workers of the enterprises purchase the shares of their enterprises, they will show concern for their enterprises' production and operation.

Three Kinds of Appraisal of the Contract System [subhead]

The contract system has, no doubt, been confirmed by the government but the Chinese economic circles have not brought about the monolithic unity of everything. Each school has carried out appraisal on the basis of its logic, some approve, some adopt a prudent attitude, and some oppose.

People who adopt a negative attitude hold that the contract system is not a normal way and basically, is not advantageous to the deepening of reform. Under the contract system, the enterprises can bargain with the state and relatively normal rules can hardly be established between both of them. The contractors seek short-term profits and are liable to overwork equipment during the contract period to carry out predatory operation, affecting the enterprises' long-term investment actions and their actions of blazing new trails. Moreover, operation by contract is disadvantageous to the readjustment of the pattern of production and of product mix.

Those who approve hold: Operation by contract can avoid mental oscillation brought about by reform of ownership, is easily accepted by the enterprises and their staff members and workers, and conforms to the present management level and technical level of the enterprises in China; the method of the contract base and proportion is adopted in operation by contract and such pressure can harden the restriction of the enterprises' budgets; in operation by contract, the relations between the state and the enterprises can be determined through the form of contract and it is likely to separate the functions of the government from those of the enterprises; in addition, the requirements of the basic strategy of safe and progressive reform can also be satisfied.

Some other people adopt a prudent attitude and hold that although the contract system is not normal, it is relatively comfortable to the present management level and technical level of the enterprises in China. The deepening of enterprise reform is, therefore, the most realistic and effective transition form as well as a necessary transition stage from the product economy to the commodity economy.

The Labor Force Is Not A Commodity [subhead]

Under the socialist conditions, the labor force is not a commodity. This is a classic tenet of Chinese economic circles. Now, under the impact of the trend of reform, the dispute on the subject that the labor force is not a commodity has been openly conducted and rather fiercely. Nearly everyone who embarks on the study of socialist politics and economics must arrive at his own answer.

People who insist that the labor force is not a commodity hold that it is a phenomenon peculiar to capitalism that the labor force becomes a commodity and that under any other social system, it is impossible for the labor force to become a commodity. The opening of the labor market does not imply that it is necessary to make the labor force become a commodity, nor does the implementation of the labor contract system constitute the conditions for turning the labor force into a commodity.

The economists who hold that the labor force is a commodity do not completely hold identical views. Generally speaking, they can be divided into three schools in stating the above-mentioned divergencies:

- Under the socialist conditions, labor is not only the mere means to earn a living but also the only yardstick for acquiring remuneration. The only means and only yardstick make the labor force become a commodity under the socialist conditions.
- Under the socialist conditions, two basic conditions for turning the labor into a commodity have not been eliminated: On the one hand, the laborers have full personal freedom; on the other hand, the owners of the means of production are a colony of laborers but not

individual laborers. Every laborer, therefore, still has "nothing at all" other than the labor force. On this account, the labor force is still a commodity under the socialist conditions.

- There are conditions for the laborers to become the masters under the socialist conditions. Due to the fact that various different connections can be established among the proprietary rights, rights of control, rights of use, and rights of profits of the means of production, the establishment of the status and practical position of the masters are not determined by the implication of ownership alone. The labor force becoming a commodity and the status of the masters are not contradictory.

There are still two views between those who hold that the labor force is not a commodity and those who hold that the labor is a commodity. One view is that the socialist labor force possesses the nature of a commodity as well as the nature of a noncommodity; the other view is that the labor force is not a commodity but possesses an attribute of a commodity.

The Nature of the Problems of Operation Through the Hiring of Labor [subhead]

It is the problems of operation through the hiring of labor that is closely related to the dispute on whether or not the labor force is a commodity. That no exploitation exists under the socialist conditions was a fundamental theorem but realities compel people to put forward innumerable questions. No final conclusion has yet been reached on these questions.

People who uphold the socialist nature of the operation through the hiring of labor hold that operation through the hiring of labor is a method of continuing to take the capitalist form of hiring labor under the undeveloped socialist conditions and that this only applies the form of labor combination with a capitalist factor.

Some people hold that operation through the hiring of labor is basically of a capitalist nature or has a capitalist component.

Some people hold that operation through the hiring of labor is of a semisocialist nature: In operation through the hiring of labor, after the payment of taxes, so long a part of the profits is retained as the collective accumulation and given to the laborers by way of returns, this then possesses the nature of the semisocialist cooperative economy at different degrees.

Some other people hold that operation through the hiring of labor is substantially the private-owned economy, ownership (including the rights of use) of the means of production, which is reflected by it, is therefore separated from the laborers, and through the hiring of labor, the employers possess other people's surplus labor,

and so on. As the labor force is not a commodity, this private-owned economy is different from the hired labor relationship of a capitalist nature.

Another group of people hold that operation through the hiring of labor possesses dual character. On the one hand, a part of the profits created by the hired labor is possessed by the employers, which is of an exploitative nature; on the other hand, the other part of the profits is possessed by the collective and state, which is of a socialist nature. That the employers use a certain proportion of their net income earned from operation as the wages of the hired also shows that it is of a combined labor nature as well as a hired labor nature.

The Macroeconomic Policy in the Course of Reform [subhead]

The Chinese economic circles have increasingly great strength to guide reform of the economic structure and economic operation of China and this is very obvious in their suggestions on the macroeconomic policy. They have roughly four views on the macroeconomic policy which should be implemented in reform of the economic structure of China:

The theory of restraining demand. It is held that the focal point of the macroeconomic policy should be to restrain aggregate demand. The main reason is: China's economy is the shortage economy and demand is liable to inflate; over the past few years after reform, there have been financial deficits and excessive monetary issue, the national income has been more than that distributed, and the situation that aggregate demand is bigger than aggregate supply has not been basically changed; reform needs an easy economic environment and aggregate supply must, therefore, be bigger than aggregate demand.

The theory of stimulating demand. The macroeconomic policy should be to increase investment and to stimulate demand in order to maintain a relatively high speed of increase. The main reason is: If we achieve a balance by controlling and reducing demand, it is actually a short-term balance required by the comprehensive balance in the old system as well as negative equilibrium with a large amount of long-term productive forces lying idle as a price and this will restrain development; an easy environment required by reform can only be created by developing the economy and it is impractical to create an easy environment before reform is carried out.

The theory of increasing supply. The focal point of the macroeconomic policy must be put on the increase in supply and the management of demand does not suit the realities of China. The main reason is: The pure regulation of demand cannot solve the problems of readjusting the structure and deploying resources; the reduction of demand can hardly produce active effect on supply. As China's basic industry and facilities are backward and it

has more debts, if we want to satisfy the quickly increasing consumption demand, we shall be confronted with arduous tasks in the construction of the fundamental facilities.

The theory of combining supply and demand: It is held that there are strong points in both the restraint of demand and promotion of supply. The target of the former is to reverse the business cycle by restraining or stimulating demand in order to achieve a balance of aggregate supply and aggregate demand. The period is short. The target of the latter is to speed up economic development and expand the future ability of supply through the improvement of the results in supply and the betterment of the deployment of resources. The period is long. Therefore, they must supplement each other and cannot be completely replaced.

Daily Discusses Impropriety of 'Dragon Culture' HK0506030288 Beijing RENMIN RIBAO in Chinese 23 May 88 p 5

[Article by Yan Jiaqi (0917 1367 0366), adapted from SHIJIE JINGJI DAOBAO: "China Is No Longer a Dragon"]

[Text] Since 1988, the urban and rural areas of China have whipped up a "tornado," or a trend toward dragons. There are "dragon lamp get-togethers," "dragon boat races," "dragon cup prizes," "dragon feasts," "dragon meals," "dragon dishes," and "dragon refreshments." Spread over the ceilings of tourist restaurants, their gates, their halls and their columns are golden dragons, silvery dragons, eye-popping dragons, wide-mouthed dragons, flying dragons, coiled dragons, glittering dragons equipped with electric bulbs.... Dragons are being held up by the Chinese toward the end of the 1980's as a symbol of the culture of traditional China.

But what does the dragon represent in traditional culture after all?

The feeling that the image of a dragon baring fangs and brandishing claws and shining in all its splendors gives is that it is still a symbol of imperial authority, or unrestricted power. Even if it is presented as a symbol of China's culture, it also represents a part of tradition that falls under the category of dregs. I feel that it is not proper to liken a republic seeking a high degree of democracy and civilization as its aim and heading toward modernization to a dragon. The image of China should not be a threatening dragon gilded, silvery, and bejewelled. The image of China should be an embodiment of modesty and commonness, with its vastness, poverty, toughness, and its diligence. To make China rich and powerful, there is no need to count on protection or stimulation from a god in the shape of a dragon. Instead, we must rely on hundreds of millions of people to reform our political and economic systems in a

down-to-earth manner and create a domestic environment for long-lasting stability, and on the remarkable wisdom and hard work of the people....

I believe that as far as contemporary China is concerned, what is most cherished should be not only the fine traditions in China's culture but also the common fine cultural products, values and concepts that cut across national boundaries and belong to all mankind. China is no longer China of the past. An increasingly open China can no longer depart from the broad path for the development of world civilization and be obsessed with a misty "dragon culture" by staying in a rut. The worship of ubiquitous and omnipotent dragons and of illusive and elusive dragons is only a modern version of totemic worship. As far as certain Chinese are concerned, it seems that they are at a loss as to what to do without some object of worship. But it is such worship that has unconsciously led China away from the broad path of world civilization. What is a dragon after all? In the "animal" world, it is the ruler lording it over the herd. It is a sacrosanct symbol of authority. Laying claim to being someone special, showing the utmost of self-conceit, and placing oneself in a special position in the world rather than as an ordinary member in the international community—such a mentality finds full expression in the image of a dragon. Such a consciousness of being self-important, as manifested by "dragon culture," treats China as the center of the world and other countries as nothing but appendages that are barbarous, run-of-the-mill and incapable of being deified—bears, eagles, cattle, and elephants. This is the very external manifestation of what some Chinese feel deep down—being self-conceited and conservative and unresponsive to new ideas.

What leaves people puzzled is why, given the energetic promotion of reform and openness, the emancipation of the mind, and the spirit of seeking facts from truth in 1980, there should appear a blind sense of self-importance—an off-putting ignorance and an inferiority complex.

In the past 4,000 years of feudal traditions and autocratic worship are still subconsciously at work in the minds of our people. The dragon is a symbol of personal authority that reigns supreme, and is all-powerful. Of course, any society requires authority. The authority of scientists, entrepreneurs, statesmen, and social activists derives from their outstanding talents and hard work. They are praised and held in esteem by the people, because they make contributions to the motherland and to the people. What needs to be particularly stressed is that what modern society needs is nonpersonified authority. There is the need for the authority of law to replace the symbol of authority. Law is the norm for behavior formulated or recognized by the state and assured of enforcement by the state's power of coercion. An individual, or the government, the political party, the enterprise, and the social organization must operate within the framework of the constitution and the law, and should foster a concept of the law being supreme.

For several thousand years, the worship of personified authority has been taken by the Chinese people as naturally as the matter of eating and dressing. Its offshoots, such as the young obeying the old, the will of a superior being what counts, an individual being attached to others, and so forth, have damaged the Chinese nation. It is feared that this has not been widely recognized by people. What causes the greatest worry is the lethargy born out of such a mentality as marked by following the beaten path, doing things haphazardly, passing the buck, and taking the easy way out. From the government to enterprises, and from organs to individuals, people could have decided on things by themselves on the basis of the provisions of the constitution and the law. Instead, they always have cold feet and do not dare to act on their own. "The disease of asking for instructions" is still a heavy burden weighing on China today. "Dragon culture" has conditioned us to wait for administrative orders from the higher-ups. Administrative orders from one level after another, and even contradictory administrative orders, have made the "optional norm" permitted by the law lose its effect. Without any option, there is no creation. The freedom of choice is a prerequisite for all creations. Apart from the "prohibitive norm" and "mandatory norm," the law also gives us the freedom of choice. "Dragon culture" has deprived us of such freedom. Under such circumstances, people could hardly give play to their enthusiasm and their creativity. Of course, society could hardly get ahead. When obsessed with the modern version of totemic dragon worship, we may forget that the aim of reform lies in giving full play to people's enthusiasm, their creativity and their spirit of taking the initiative. Yet, a "dragon" baring fangs and brandishing claws and showing all powers that hang over the heads of hundreds of millions of people has caused people to lose their own initiative and give up the power to make their own decisions on things that they should decide themselves. Instead, they have lost themselves in a stupor catering to authority for the sake of favors and hoping for something on a silver platter from the sky. We want to change the concept of the worship of authority represented by "dragon culture," so that governments at all levels, various enterprises, and every individual can assume the decisionmaking power within the scope of their own decisionmaking, and make their own decisions under conditions permitted by the "optional norm" in the law. Only in this way can we reduce, to a maximum extent, mistakes in decisionmaking.

As a way of celebrating a festive occasion, or a way to attract customers, there is nothing wrong with the launching of "dragon lamp get-togethers," "dragon boat races," or "dragon cup prizes." The problem is that today people have still not separated the image of the dragon from feudal traditions in their minds. A plethora of dragons driving home the same theme with a mere

show of strength floods the scene to cause disaster. This is a drain on our energy. It blunts our will. We become self-conceited and intoxicated with self-satisfaction. We slip into a state of shrinking from difficulties ahead. China is just too intoxicated with its own time-honored history—with "ma-wang-dui" [7456 3769 1018] and the "terracotta warriors" and with "dragon culture!" China, which makes no effort to get ahead, which stays in the rut, which clings to what is imperfect, and which treats the dragon as a symbol of China's culture, is fit for nothing but to groan in pain when pummeled. The people on both sides of the Taiwan Straits are not "descendants of the dragon." How can the reunification of China depend on "dragon culture" and the "descendants of the dragon?" China can definitely be reunified. The progress of the whole of China's civilization, democracy, wealth and power represent the prerequisites. "Dragon culture" cannot bring about China's reunification. On the contrary, the dragon's self-conceit stands in the way of its reunification.

In the real world, no one is perfect. Only a god is perfect. The god is an idealized image of men. There is a limit to a man's capacity. A man has this or that defect in his character. A good political system must reckon with a man being not a god. Therefore, "the system must be used to restrain men." The concept of an idealized dragon is obviously quite a different thing. To idealize a dragon is actually to instill in people's minds the idea of there still being a lord in the world of mankind. Religion calls for intoxication. It wants to keep people satisfied in an imagined make-believe world. An idealized dragon is the very need to cater to such a state of mind.

Science is the enemy of something make-believe and equivocal. Science calls for a description in accurate and clear language. Even given the "vagueness," "chaos," and "uncertainty" surrounding it, its mission lies in recognizing them with reason. Scientifically speaking, all things that are incomprehensible can be understood. Given science, no concrete problem cannot be solved. "Dragon culture" can only make us feel intoxicated and satisfied in the game of vague and enigmatic language and concepts.

I have a deep hatred for a great profusion of nonartistic images of "dragons." The dragon of today is corrosive to the Chinese nation. The dragon gives rise to intoxication. It causes us not to get ahead, to stay in the rut, to wax arrogant and self-conceited, and to cherish what is imperfect. As long as it is entrenched in the minds of the Chinese people, it is a drag on the modernization of China. Science will not lead people to an intoxicated state. Truth is always simplicity itself. Unlike the dragon, it does not seek to mislead and confuse people and claims being all that counts. China is no longer a dragon! Nor are we descendants of the dragon! We are sons and daughters on the vast land of China! We want to bestir ourselves and lift ourselves out of a misty and miasmatic world of dragons. We want to rely on our wisdom and our two hands to shape the future of China.

Deng Xiaoping Writes Inscription for Statue
OW0806044088 Beijing XINHUA Domestic Service in Chinese 1441 GMT 7 Jun 88

[By reporter Chen Jiang]

[Excerpts] Haikou, 7 Jun (XINHUA) — Activities marking the 85th birthday of General Feng Baiju, a proletarian revolutionary and the founder of the Qiongya Armed Forces and a base area on Hainan Dao, were started in Haikou today.

The Hainan Provincial CPC Work Committee and the provincial people's government held a ceremony to unveil a statue of General Feng Baiju in the Haikou People's Park this morning.

Deng Xiaoping wrote this inscription for the statue: "General Feng Baiju."

Party and government leaders of Hainan Province, veteran comrades of the former Qiongya Column, Mrs Feng Baiju, and more than 500 representatives from various circles in Haian attended the unveiling ceremony. [passage omitted]

General Feng Baiju was born in Changtai Village near Yunlong Town in Hainan's Qionghshan County. [passage omitted] Following the liberation of Hainan Dao, Feng Baiju successively served in leading positions in Hainan District and Guangdong Province. Falsely accused of being the "chieftain of a localistic antiparty group" in 1957, he was mistakenly punished. During the "Cultural Revolution," he was subjected to criticism and struggle. Feng Baiju died of a recurrence of heart trouble in Beijing in 1973.

In 1983 the CPC Central Committee decided to rescind the decision on his punishment and to rehabilitate him.

Xu Shijie, secretary of the Hainan Provincial CPC Work Committee, spoke at the unveiling ceremony. [passage omitted on a discussion by veteran comrades]

Yang Rudai Urges Media To Help Expedite Reform
OW0806043188 Beijing XINHUA Domestic Service in Chinese 1654 GMT 3 Jun 88

[By reporters Yang Li and Wang Wenjun]

[Text] Chengdu, 3 Jun (XINHUA) — Addressing a meeting today marking the 10th anniversary of the Sichuan Provincial Academy of Social Sciences, Yang Rudai, member of the Political Bureau of the CPC Central Committee and secretary of the Sichuan Provincial CPC Committee, urged the several hundred theoreticians, propaganda workers, and journalists attending the meeting to help people correctly understand the

situation of reform, approach its problems realistically, support it with concerted efforts, greater confidence, and higher morale, and accelerate the process.

Commenting on the current situation, Yang Rudai said: Because of the impetus of reform, commodity production has become increasingly active, production is developing vigorously in all sectors, and the people's living standard is improving. The general situation should be considered as quite satisfactory. He added: The situation we are talking about is the situation of reform. In order to correctly understand the situation, we must properly approach the problems of reform.

Yang Rudai pointed out: The issue of commodity prices is a difficult one we cannot avoid. Unless commodity prices are readjusted, other reforms cannot possibly proceed and the whole situation of reform may be affected. To rationalize commodity prices, we have taken rather drastic steps, and some people have become skeptical. However, this is an inevitable risk we must take. Meanwhile, our economic development and improvement of people's livelihood brought about by reform have set new requirements and created good conditions for us. If we do not restructure the price system now, we would lose the opportunity and cannot fulfill the responsibility of the time.

Why is everyone talking about commodity prices? Yang Rudai said it is because this is an issue concerning people's economic tolerance and psychological tolerance. We cannot ignore the people's economic tolerance. We have now substituted covert subsidies for overt subsidies, which are effective measures for ensuring urban residents' basic needs. As for people's psychological tolerance, this requires proper ideological and political work. Our theoreticians, propaganda workers, and journalists should, on the basis of thoroughly and realistically examining the actual successes of reform, provide people with theoretical and practical guidance. Social science workers must, in particular, do something in this area. From a theoretical angle they should explain why problems are inevitable when the old order is being replaced by a new one. This is because before a new order of socialist commodity economy can be created, the old order of the product economy has become increasingly unable to keep pace with the needs in the development of a socialist commodity economy. Only when these issues have been clearly explained to the people can we help them understand the importance of taking the situation of the whole into consideration, support and take part in reform, surmount all obstacles, and speed up the process of reform.

PLA Can Survive Chemical, Nuclear Attacks
OW0806122288 Beijing XINHUA Domestic Service in Chinese 0648 GMT 8 Jun 88

[Text] Beijing, 8 Jun (XINHUA) — According to a test conducted by the PLA General Staff Headquarters, China's group armies are increasing continuously their overall protection capabilities against nuclear, chemical, and biological weapons.

This test on the overall protection capabilities of group armies was conducted for the first time in a certain group army under the Beijing Military Region. The participants in the maneuvers included Army and division commanders from the top to rank-and-file soldiers at the bottom. They belonged to different branches of services such as infantry, armored corps, artillery, engineer corps, radar forces, and antichemical warfare corps. They were faced with simulated all-out attacks by nuclear, chemical, and biological weapons, and the army commanders and headquarters were tested for their organization and defense capabilities. The combined arms units were tested for their mass defense capabilities, and the antichemical warfare units tested for their professional competence. The maneuvers showed that the overall protection capabilities of China's group armies — that is, the efficiency in the use of weapons and equipment by all army personnel against nuclear, chemical, and biological attacks — have increased. The maneuvers showed that the Army can (1) check the use of massive antipersonnel weapons by the enemy; (2) avoid or reduce our losses resulting from the use of massive antipersonnel weapons by the enemy; and (3) perform rescue work in the event of a nuclear accident in time of peace and construction.

A responsible person of an antichemical warfare department under the PLA General Staff Headquarters said: Increasing the group armies' overall protection ability against nuclear, chemical, and biological weapons is an important part of regular army training in time of peace. This is also important in organizing the combined armed units to fight a war in an overall manner under the present conditions and to particularly improve their ability to survive on the battlefield.

PLA Strategic Missile Launchings Successful
OW0806115388 Beijing XINHUA Domestic Service in Chinese 1536 GMT 3 Jun 88

[By correspondent Guo Qingsheng]

[Text] Beijing, 3 Jun (XINHUA) — The rate of success in launching various types of guided missiles by the PLA Strategic Guided Missile Force in the last 5 years was 96 percent. This shows that China's weapons and equipment are good and reliable in performance, and that the high-technology missile force has remarkably improved its military capability.

Since a strategic change was made in the guiding principle for army building, the leaders at all levels of the Strategic Guided Missile Force have persistently put education and training in a strategic position and done a good and down-to-earth job in basic technical training. Systematic study of specialized theories and regular drills with actual equipment have familiarized the troops with special skills, made them cultivate an operational style of steadiness, accuracy, strictness and meticulousness, and turned them into highly dependable operators in live missile launching. The missile force, considering the necessity of good coordination among units of

diverse specialties, pays attention to joint training of various units with the launching battalions as the main body, and to supportive construction. More than 120 joint exercises have been held and each of them has brought about some new development in training subjects, contents and methods. The missile units have also conducted adaptability training for special terrain and weather conditions, such as operation in cold weather, hot weather, or rain, as well as operations at night or in mountainous or forest regions, so that they can operate together and make accurate launchings.

The Strategic Guided Missile Force attaches importance to the education offered by military schools and training regiments. Through the multidiscipline, multicategory and multilevel training system, the missile units are constantly replenished with personnel of various specialties who help enhance their missile-launching capability. After several years of effort, the missile force has preliminarily cultivated many high-level military commanders who know basic theories and how to use modern weapons and equipment and command. It has also trained a number of intermediate-level commanders who have a wide range of knowledge and skills, as well as a large number of outstanding, skillful, and tough noncommissioned officers.

In the course of reforming training and scientific research, the Strategic Guided Missile Force also pays attention to conducting live ammunition firing, improving overall results of missile launching, and enhancing the troops' ability to cope with emergencies and to fight as one.

PLA Civilian Personnel System Progressing
*OW0806052088 Beijing XINHUA Domestic Service
in Chinese 1356 GMT 3 Jun 88*

[By reporter Yi Jianru]

[Text] Beijing, 3 Jun (XINHUA) — This reporter has learned from the PLA General Political Department that the work of transferring some military officers to civilian positions has been carried out smoothly. A great number of active-duty military officers will be soon become civilian cadres.

It is the first time that a civilian cadre system has been introduced in the history of our Army. Following the promulgation of the "Provisional Regulations Regarding Civilian Personnel of the Chinese People's Liberation Army" about a month ago, a pilot program was introduced in 40 units, including academies, colleges, hospitals, scientific research institutes, and cultural and sports departments. Work in the first group of pilot units has completed. The next step is to unfold this work in an all-around way this year in all units required to introduce the civilian cadre system.

It has been learned that military cadres to be transferred to civilian positions are primarily those professional and technical cadres as well as cadres responsible for administrative and logistics work at organs, academies, and hospitals. Civilian cadres may retain their military status, but they are not given a military rank. They bear basically similar responsibilities and enjoy equal rights as actively-duty military officers.

A General Political Department official said: The introduction of a civilian cadre system represents a major reform of the Army cadre system. It will play a positive role in retaining backbone military technical personnel and in introducing scientific management suitable to the cultivation and development of technical cadres. Gradual establishment and improvement of the civilian cadre system will be conducive to building a revolutionary, modern, and regularized army.

PLA Lowering Qualifications for Platoon Leader
*OW0806050488 Beijing XINHUA Domestic Service
in Chinese 0739 GMT 4 Jun 88*

[Text] Beijing, 4 Jun (XINHUA) — The Central Military Commission decided recently that students who receive training to become commanders at primary level will be selected mainly from among those who have received an education at special or technical secondary schools. The main source of trainees will be squad leaders and deputy squad leaders at the basic level. In the future, platoon leaders will be selected mainly from those who have received an education at special or technical secondary schools.

This is a new reform in the training of officers for our Army. According to this new decision, enrollment of trainees for military academies at the primary level will cater to the grass-roots level of various units to cultivate and raise the management ability of officers at the primary level. This year various academies and schools of the whole army will enroll more than 30,000 students from various PLA units. Military academies at the primary level will reduce the number of students enrolled directly from among senior middle school graduates, while the number of students selected from among squad leaders, deputy squad leaders, and outstanding fighters will be increased proportionately. The special or technical secondary class of various army academies will also enroll some squad leaders and deputy squad leaders who have received an education at the junior middle school level with good military and political quality. The standards for selection will include mainly ability in leading soldiers, professional and technical level, and cultural quality.

A concerned department has stated that before the current reform, our Army demanded that platoon leaders receive education at college, university, or a higher level.

New Army Field Vehicle Passes Test
*OW0806044388 Fuzhou Fujian Provincial Service
in Mandarin 1000 GMT 3 Jun 88*

[From the "News" program]

[Text] A new generation of our Army's command vehicle for use under the divisional level, BAQ-05A light field vehicle, has passed the ministerial-level technical test in Fuzhou today. This shows that our Army's field vehicle manufacturing technology has attained the domestic advanced level for the 1980's.

This field vehicle is a result of joint efforts for the research and manufacture of new vehicles made by the Vehicle and Vessel Research Institute of the General Logistics Department and PLA Plant No 7427. PLA Plant No 7427, which has long been undertaking the maintenance of military vehicles and making spare parts for them, has, in recent years, aimed at meeting the requirements resulting from a change in our army's strategical ideology and succeeded in the research and manufacture of this new model of a field jeep by making full use its own technological capability and with the assistance from experts both inside and outside the Army. This light field vehicle, suited for civilian as well as military use, shows remarkable improvement in power, fuel economy, running smoothness, and safety, compared with the Beijing-212 model, which has long been used by our Army as a command vehicle. With a maximum speed of 115 kilometers per hour and capable of crossing water as deep as 500 millimeters, it is suitable for use in the northern and southern parts as well as the subtropical areas of our country.

Army Cases of Discipline Violation Reported
*HK0806063788 Beijing RENMIN RIBAO in Chinese
31 May 88, p 4*

[Report by Luo Pan (5012 4149) and Wang Shuanglin (3769 7175 2651): "A Certain Group Army Deals With 20 Cases Of Violation of Discipline by Cadres at and Above Battalion Level"]

[Text] The party committee of a certain group army stationed in Heilongjiang Province has strictly dealt with 20 cases of violation of discipline by cadres at and above battalion level by relying on the surveillance by the masses and has thus achieved marked successes in the building of the party style.

While accepting the surveillance by the masses, the party committee of the group army first smoothed out the channels of the surveillance by the masses and clearly stipulated that the masses can report any acts of violation of discipline and law directly to the party committee of the group army and/or to the disciplinary inspection commission under the party committee of the group army. Letters sent from the grass-roots level, reporting the cases of violation of party discipline and party style, must be transferred immediately to the party committee

of the group army or the disciplinary inspection commission under the party committee of the group army. Any departments or individuals should not delay sending these letters to the party committee of the group army or the disciplinary commission under the party committee of the group army and should not do anything to prevent the party committee of the group army or the disciplinary inspection commission under the party committee of the group army from knowing these letters. In the meantime, the responsible comrades of the party committee of the group army and the responsible comrades of the disciplinary inspection commission under the party committee of the group army also regularly go to the units at the grass-roots level to hold talks with the masses, report the situation of the building of the party style carried out by the party organizations at various levels to the masses, and listen to the views and criticisms of the masses so as to enable the party committee of the group army to timely and clearly know the views and demands of the masses and immediately deal with the cases of violation of discipline and law. At the beginning of this year, a battalion leader of a certain regiment of the group army organized a gambling party. A soldier wrote a letter directly to Dong Yisheng, secretary of the party committee of the group army, reporting the case. The party committee of the group army immediately ordered the division concerned to organize a investigation group headed by the secretary of the disciplinary inspection commission under the party committee of the division to investigate the matter. As a result, some party members and cadres who took part in the gambling party were strictly dealt with.

The party committee of the group army has given clear replies to all the questions asked by the masses and made public all the problems reported by the masses without hiding any problems from the cadres and soldiers of the group army. Over the past 2 years, the party committee of the group army and the disciplinary inspection commission under the party committee of the group army have received a total of 550 letters from the masses and have handled these letters properly.

The surveillance by the masses has enhanced greatly the sense of law and discipline among the party members and cadres of the group army and has helped to eliminate the malpractices and acts of violation of law and discipline. In the past, whenever cadres were to be transferred to civilian work, promoted, or given places to live, such malpractices as getting things done through pull or getting in by "back door" would emerge, which was really a headache for the leaders of the group army. Over the past 2 years, because the party committee of the group army has put these types of work under the surveillance by the masses, these malpractices have been strongly resisted by the masses.

Industrial Output Reaches Record in May
*OW0806045688 Beijing XINHUA in English
1512 GMT 7 Jun 88*

[Text] Beijing, June 7 (XINHUA) — China's industrial production is climbing with the monthly output value

reaching 183.1 billion yuan in May, an increase of 17.9 percent over the same month last year.

According to the Statistics Bureau today, the monthly increase rates are growing in the first 5 months of this year.

From January to May, it said, the output of such hot sellers as color television sets and refrigerators jumped by 39.6 percent and 88.6 percent respectively over the same period of last year.

Big increases were also registered in the production of beer, knitting wool, and plastic articles, while the output of radios and watches decreased by 7.1 percent and 13.7 percent respectively.

Meanwhile, economic proficiency has improved. The bureau said that the implementation of the contract managerial responsibility system has promoted the performance of China's industrial enterprises.

However, the shortage of raw materials and energy has become more serious as the increase rate of electricity production has slowed down.

The output of electricity only increased by 9.4 percent in May, 3.3 percent less than the monthly average in the first quarter of 1988. Among the 20 kinds of major raw materials, 15 either decreased or showed little increase in their output.

The rapid development of the processing industry will add to the shortage of raw materials, the bureau said.

It is expected that the country's industrial output will continue to increase in June. Therefore, some economists have warned against an excessive growth rate, saying that more emphasis should be laid on proficiency.

Price Reform Linked With Wage System Change
HK0706013288 Beijing CHINA DAILY in English
7 Jun 88 p 1

[By staff reporters Deng Lisheng and Guo Zhongshi]

[Text] Chinese Premier Li Peng pledged yesterday to link the current price reform with that of wage system to help people absorb the increased living costs while vowing to carry on the reforms despite the tremendous difficulties down the road.

In an interview with the REPUBLIC, a Polish newspaper, Li said the Chinese Government is strongly determined to conduct the reform as it now has been put onto the agenda to serve the economic goal of building a planned commodity economy.

However, he pointed out, "we should try to be as cautious as possible in formulating the reform plans, taking into full consideration to what extent people can absorb the price increases."

He told Polish reporters that the government will try its best to tie the price reform in with the reform of China's wage system and other reforms so as to ensure a comparatively smooth path to the country's final economic goal.

Meanwhile, Luo Gan, newly-appointed Minister of Labour, told CHINA DAILY yesterday that the country is making specific plans to ensure that increases in incomes of workers and employees are higher than price hikes.

In his first interview with a journalist since taking office last April, Luo said "smoothing the relationship between prices of commodities and wages and salaries" has been given top priority in the work of his ministry.

Luo said that his ministry has set up several working groups to study and make proposals to solve problems regarding the labour system, wages and salaries in light of prices, insurance and welfare.

To rationalize the wage and salary system, ideas and practice of egalitarianism must be discarded. Distinctions must be made in payment for skilled work and for intellectuals, he said.

The ministries of labour and finance and the All-China Federation of Trade Unions have decided to raise the base of grant-in-aid issued to workers and employees from the current monthly income standard of about 20 to 30 yuan a person to 50 yuan in large cities like Beijing, Tianjin and Shanghai. The base set for medium-sized cities is 45 yuan, and for small cities, 40 yuan, he said.

These figures are for reference and local governments can make their own scales in light of local living standards, he added.

"The measures are taken to help low-income families," some of whom have suffered a lowering of their living standards as a result of price hikes in recent years, he said.

In practice, workers and employees who cannot support their families with their regular incomes or meet temporary financial difficulties can apply for aid from their workers' unions. Usually only applications by those with the lowest incomes will be considered and the amount of aid will be decided according to the individual's financial state and needs.

The ministry also is looking into distinctions in payment to workers and employees in light of their work. Abnormally high incomes from dishonest activities must be prevented while high incomes from honest labour will be adjusted by taxes, Luo said.

"All steps taken will centre on ensuring that wages and salaries will be increased to keep pace with price hikes and to provide steady standard of living increases for the vast majority," he said.

Party Circular on Enterprise Personnel Reform
HK0706132188 Beijing RENMIN RIBAO
Chinese 31 May 88 pp 1, 2

[Report: "Organization Department" and Personnel Department of the CPC Central Committee Issue Joint Circular on Introduction of Competitive Mechanism to Enterprises To Reform Personnel System"]

[Text] With the approval of central leading comrades, the Organization Department and Personnel Department of the CPC Central Committee issued a joint circular "On Several Suggestions for Introducing Competition Mechanism to Industrial Enterprise Under the System of Ownership by the Whole People To Reform the Personnel System" on 21 May.

The circular points out: At present, more than 80 percent of the industrial enterprises under the system of ownership by the whole people and within the state budget throughout the nation have implemented different forms of the managerial responsibility system. Along with this system, new advances have also been made in introducing leasing and property management, and a shareholding system to enterprises. This reform has posed quite a few new questions to enterprise management work, which need a solution badly. To ensure the deepening of enterprise reforms institutionally and to promote the implementation of various forms of the managerial responsibility system, this circular has made the following suggestions for the reform of the enterprise personnel system:

Competition Mechanism Should Be Introduced Into Enterprise Personnel Management [subhead]

Recently, many enterprises pursuing different forms of the managerial responsibility system have actively introduced the competitive mechanism, employed their managers through such methods as inviting public bidding, introducing elections in which there are more candidates than actual seats, and applying direct employment, and engaged managerial personnel at all levels of their internal departments, thus bringing about a profound change in the enterprise personnel system. It has effectively smashed the traditional pattern of managing enterprise cadres by continuing to use the management methods applied to cadres in party and government organizations. It has helped overcome the drawback that cadres can only be promoted and not demoted and unhealthy practices in the use of cadres. It has also helped create unprecedented conditions for a large number of intelligent and capable, trailblazing enterprise managerial personnel to display their talents fully amidst the stormy waves of market competition. The introduction of the competition mechanism will closely link the interests of enterprise managers and employees with the rise and fall

of their enterprises; arouse their initiative, enthusiasm, and creativity to invigorate their enterprises; breathe greater vitality into enterprises; and will promote the development of the socialist commodity economy.

There are many and varied forms to take in introducing competition into enterprises to reform their personnel management, of which selection and employment through public bidding is a practical and effective measure. In the previous stage, most medium-sized and small enterprises and large and medium-sized enterprise already involved in a contract system or a bidding scheme achieved considerably good results. This reform, being conducive to enterprise invigoration, can be applied gradually to the enterprises which have introduced various forms of the managerial responsibility system.

In selecting and employing enterprise managers through a bidding scheme, a distinction should be made between enterprises of different types. Medium-sized and small enterprises are encouraged to adopt such a method freely; large enterprises are encouraged to use it gradually on an experimental basis; and exceptionally large enterprise should not adopt it for the time being. Enterprises under contract or leasing management should still be operated according to the contracts previously signed.

Selecting and Employing Enterprise Managers by Inviting Public Bidding [subhead]

Selecting and employing enterprise managers is an important link in implementing the various forms of the managerial responsibility system. Enterprise manager selection and employment should be conducted in an open, equal, and democratic way and in accordance with the principle of selecting the most deserving one. The vision of fields in selecting talents should be broadened and the extent of those to be invited in public bidding defined according to enterprises' actual conditions so that many contenders (groups of contenders) can compete on an equal footing. Enterprises where conditions are ripe are encouraged to invite tenders from the trade to which they belong and even society at large. And bid-holding units should treat all tenders equally without discrimination, make things convenient for them, and provide them with relevant information about the enterprises under public bidding. While defining the relationship of contracts between the state and enterprises and between enterprise owner and enterprise managers, enterprises where conditions are not ripe for public bidding should adopt other competitive methods to select their managers.

In selecting and employing enterprise managers, we should adhere to the following basic conditions: They should implement the party's basic line, adhere to the socialist operation orientation, and be able to hold themselves responsible for increasing the value of enterprises' state assets; they should be well versed in relevant laws, regulations, and economic policies; they should be

familiar with production and operation of the trade in which one is engaged, good at operation and management, and able to organize; managers of large and medium-sized enterprises should have some enterprise management experience and work performance records; they should have a corresponding educational level and professional knowledge; and they should have a fairly strong sense of the commodity economy and a trailblazing and enterprising spirit and be honest in performing official duties, democratic in workstyle, and be physically sound.

Improve Management of Enterprise Managers and Managerial Personnel at Various Levels [subhead]

Authorities in charge of enterprises should be responsible for the management of enterprise managers in accordance with the principle of ensuring that administrators in charge of personnel have professional knowledge so that they will do their work more intelligently.

Their management is manifested chiefly in fulfilling the obligations stipulated by the contracts. In other words, according to the contracts, they should create necessary working conditions for enterprise managers, give them appropriate training, assess and supervise them, protect their interests, coordinate the relationship between managers and employees, and they have the right to dismiss any incompetent managers.

To safeguard the inviolability of the contracts, in the course of their normal execution, no one shall make alterations concerning enterprise managers. Under special circumstances, when such an alteration has to be made, after getting the endorsement of both parties involved in a contract, proper arrangements should be made to deal with problems arising from the alteration made as stipulated by the contract.

In appointing managerial personnel at all levels of the internal departments of enterprises, the principle of competition on an equal footing should be fully embodied. They should be employed through job invitation, examination or direct employment level after level down and in accordance with the principle of choosing the most deserving one.

As far as the administrative deputy posts (including the chief engineer, chief economist, and chief accountant) of enterprises involved in different forms of the managerial responsibility system, with the exception of exceptionally large enterprises, are concerned, they should be employed by enterprise managers and their employment should be reported to the authorities in charge of the enterprises for the record.

Enterprise managers should take charge of the people holding enterprise administrative deputy posts and middle-level managerial personnel whom they employed.

They should assess the latter and give them rewards or punishments and make decisions on continuing to hire or dismissing them according to their assessment results.

Enterprise managers are empowered to decide the layout of enterprise management organs according to the principle of being small in number but highly efficient. No department has the power to ask enterprises what organs to be set up and what organs not to be set up and shall not put any pressure on enterprises using whatever pretext to set up barriers in the matter of organ patterns.

In conclusion, the circular hopes that all organization departments of the provincial, autonomous regional, and municipal party committees, personnel departments (bureaus) of the provincial, autonomous regional, and municipal governments, and all State Council departments should pay attention to solving the following problems:

It is necessary to give wider publicity to the reform of the enterprise personnel system, to discard old concepts, and to have a greater sense of competition; necessary to give greater publicity to the deeds of the successful-tender-turned enterprise managers who vie with others in shouldering heavy tasks, boldly make reform, and operate their enterprises well so that the masses of the people will know and support them and they can build their enterprises freely. This will help form a sound social environment favorable for the constant emergence of various types of enterprise operational and managerial personnel.

It is necessary to support and encourage the rational flow of talented people. In practicing the system of inviting public bidding on the basis of competition, resolute efforts should be made to smash the practice of ownership of qualified personnel by the units. Units are encouraged to let go on principle their personnel who successfully tender an offer. Transcity, transregional, and inter-trade flow of talents should be allowed. Efforts should be made to gradually set up tanks of talent for the outstanding talented people who have come to the fore amidst competition and to open up contract markets and channels for exchanges of talents. This will help build up a mighty contingent of enterprise operational and managerial personnel.

It is imperative to adhere to the principle of being ready to work at higher or lower levels as required and to smash the system of ensuring cadres life-long leadership posts. Enterprise managers and managerial personnel at various levels should enjoy pay and benefits commensurate with their posts and they will not enjoy such treatment as they do while being employed, after they are dismissed or resign from their posts. Ideological work should be conducted among unsuccessful tenders. They should be given jobs according to their abilities so as to bring their talents into good play and also allowed to find jobs they see fit.

Efforts should be made to properly handle the relationship between enterprise managers and enterprise party organizations and between them and worker representative congresses.

It is essential to bring a functional change, to delegate more powers to lower levels, to adhere to separating the functions of the government from those of the enterprises, to ensure enterprise managers exercise their functions and powers, and to support enterprises' reforms in various fields. Government departments should serve and supervise enterprises in accordance with laws, regulations, and policies. No intermediate-level units shall retain the portion of powers that should be delegated to enterprises.

Zou Jiahua Attends Forum on Enterprise Law
OW0806041988 Beijing XINHUA Domestic Service
in Chinese 1354 GMT 2 Jun 88

[Text] Beijing, 2 Jun (XINHUA) — People from the law, business, press, and publishing circles indicated at a forum held here today that they would publicize the "Law of the People's Republic of China on Industrial Enterprises Owned by the Whole People" through various forms and channels. State Councillor Zou Jiahua attended the forum. He said he hopes that personnel throughout the industrial front will seriously study and implement the "Enterprise Law."

The "Enterprise Law" will soon be implemented throughout China. Comrades attending today's forum maintained that it is an important event in the course of China's economic and political structural reforms, that it will terminate the equivocal legal status of enterprises owned by the whole people, and that it will establish an enterprise system with Chinese characteristics for the present stage. Zhao Yuji, vice chairman of the Board of Directors of the Capital Iron and Steel Complex, and Huang Zhixin, director of the Beijing Internal Combustion Engine Plant, said: The cadres, staffers, and workers welcomed promulgation of the "Enterprise Law," and want to better their understanding and application of the law. The responsible person of the Mechanical Industry Publishing Company disclosed at the forum that the teaching materials published by the company on the "Enterprise Law" were in strong demand, with many book stores already selling them out.

Participants of the forum thought that people should take immediate action to contribute to publicizing, studying, and implementing the "Enterprise Law." It was said that pertinent departments had produced a program "The Television Forum on the Law on Enterprises Owned by the Whole People," which will be aired nationwide by the Central Television Station, starting 24 June.

New Interregional Enterprise Groups Organized
OW0706103388 Beijing XINHUA in English
0611 GMT 7 Jun 88

[Text] Beijing, June 7 (XINHUA) — Chinese firms involved in the production of consumer goods have just

joined forces as 109 inter-regional enterprise groups, today's "ECONOMIC DAILY" reported.

These groups deal in household electric appliances, electronics, leather processing, foodstuffs, plastics, clocks and bicycles.

The largest is Guangzhou's "Wanbao Group," which involves more than 40 companies and research institutes, and logs output value of 1.8 Billion yuan (487 million U.S. dollars) a year, the paper said.

The annual output value of Shanghai's "Phoenix and Changshou (Everlasting)" bicycle groups is one billion yuan (270 million U.S. dollars) each.

According to the paper, though still in the early stages, most of these enterprise groups are tapping development potential in the form of new products and export-oriented production.

So far, 85 percent of the groups still face problems in unified management, investment and personnel transfer, the paper said, and managers of many groups are calling for autonomy in production and management.

In response, the Ministry of Light Industry has decided to introduce contract, leasing and share-holding systems in these enterprises in the near future.

Free Market Boosts Scientific Development
HK0606045888 Beijing CHINA DAILY in English
4 Jun 88 p 3

[By staff reporter Wu Jingshu]

[Text] The launching of China's first "free market of hi-tech" at Beijing's Zhongguancun, Haidian, is giving a strong "shot in the arm" to the country's scientific development.

Only one week after the official announcement of a series of flexible policies—ranging from tax exemptions to concessions on overseas travels—hundreds of firms and laboratories, mostly State-owned, have scrambled to seek a spot in the free market.

As a result of the "hi-tech rush," some property-owners in Zhongguancun street have raised their annual rents "to as much as 10 times the current prices in some coastal open zones," complained Gao Peng, manager of the San Huan Company under the Chinese Academy of Sciences.

However, "introducing free competition between the public and the private enterprises—in developing and marketing hi-tech—is the key to bringing about a new science boom in this country," said Jin Yanjing, an executive officer of Beijing's Syn Tone Group Company,

a leading firm at Zhongguancun Electronic Street. Her opinion was seconded by leading officials of the State Commission of Science and Technology.

Jiang Minkuan, Vice-Minister of the State Commission, openly praised the "small but efficient" private hi-tech firms of Zhongguancun, whose successes over the past few years led to the government's designating the 100-square-kilometre area around Zhongguancun in western Beijing as the country's first "hi-tech open development area."

"These 150 private and collective science firms here have set an example in how to make the best use of human talents," Jiang told some 200 Chinese and foreign guests visiting a hi-tech product show at Zhongguancun on Thursday.

Jin told CHINA DAILY that the public firms have never shown such enthusiasm in marketing their products, "but now they are rushing to compete with us—and it's very encouraging."

Jin, 50, left an important engineering post in the instrument factory of the Chinese Academy of Sciences in 1984 to form the Syn Tone Company with capital of only 3 million yuan (\$810,000). Today, her company's sales have shot up at an annual rate of 300 percent and its assets have tripled.

"Although we are smaller than the public firms, we can act faster and compete with them on our own ground, especially now that we have been given the green light to do business abroad," Jin said.

"However, I am sure this will prompt the public firms to speed up their reform and scrap much of the red tape so that they can also improve their efficiency."

As in most of the other private hi-tech firms in Zhongguancun, the majority of the 130 employees of Syn Tone are young professionals with degrees. Last month when the company wanted to recruit 30 new technicians, 600 applied. "One of our new employees, who has a doctorate in science, studied for eight years in Japan," Jin said proudly, "and now we are looking for foreign experts with the help of the China International Professional Exchange Centre."

Store Employees Expose 'Reckless' Price Hikes
HK0706052688 Beijing RENMIN RIBAO in Chinese 29 May 88 p 1

[Report by Li Yeqing (2621 0673 7230), Yan Yunxiang (0917 6663 7449), and Wu Xudong (0702 4872 2767): "Workers of Store in Jiangxi's Pingxiang City Expose Store's Reckless Price Hikes"]

[Text] Fifteen workers of a state-run store dealing in hardware, electrical appliances and chemical products in Pingxiang Township, Jiangxi Province, gave a briefing to newsmen on the evening of 26 May, bringing to light the store's inside story of jacking up prices and its confused monetary system.

At the news briefing, the 15 workers exposed the fact that leaders of the store had upgraded commodities at will and sold the commodities whose prices are fixed by the state at negotiated prices, noting that such practices of artificially forcing prices up have harmed the interests of consumers. They also disclosed that other malpractices such as destroying vouchers, changing volume of business and taking cash without receipts had destroyed the evidence of 18,000 yuan in illegal profits gained through reckless price hikes, which had been verified by the store's staff members. They also pointed out: During the past Spring Festival, prices of black-and-white television sets were jacked up three times a day in the store and the price of a lock is 28 percent higher than other shops. Workers of the store had time and again reported the situation to leaders of a higher level, but everything remained as before and the store leaders even went from bad to worse. All staff members of the store requested that in-charge departments investigate and deal with the case accordingly as soon as possible.

Commentator's Article Hails Action
HK0706053288 Beijing RENMIN RIBAO in Chinese 29 May 88 p 1

[Commentator's article: "A Righteous Deed To Oppose Reckless Price Hikes"]

[Text] The news briefing given by 15 workers of The Pingxiang City Store of Hardware, Electronic Appliances and Chemical Products has become a noteworthy news report. Their deed of conscientiously safeguarding the state's interests, protecting the interests of consumers and waging firm struggle against reckless price hikes commands admiration and deserves commendation.

We are carrying out reform of the price system, which has a bearing on the interests of every household and on the success or failure of the reform. Therefore, we should make it a success and prevent a failure. To reform and straighten out the price system, we have to readjust the prices of some commodities. However, reckless price hikes lead to chaos and hinder reform of the price system. We must therefore act in accordance with the policies and plans adopted by the party and government and should in no way follow our own bent. To seek personal gains, some units and individuals, however, fish in troubled waters, make use of every crack and rack their brains trying to force up prices. As a result, many people who are unaware of the truth believe that the government allows them to do this and thus they are full of grievances.

As a matter of fact, what those people do violates the state's policies and decrees. Not a single penny plundered from reckless price hikes enters the state treasury but lines the pockets of those people. Such a phenomenon should not be tolerated and should be resolutely stopped.

To check the evil trend of reckless price hikes, the party and government has issued a number of rules and regulations and all local authorities have also adopted many relevant measures, such as the introduction of the price inspector system and the system of conducting general price checks. Some progress has been made in this field of endeavor. The worthy deed performed by the 15 workers of the store has provided an important example for opposing indiscriminate price increases by mobilizing workers of the commercial system to maintain voluntary supervision over prices. Various pretexts concocted by some shops to artificially force prices up, hoodwink the higher authorities, and entrap consumers cannot be easily seen through by outsiders and by general price checks but can hardly go undetected by their staff members. A combination of government supervision with mass supervision and of external supervision with internal supervision will better stop the evil trend of reckless price hikes.

The form of struggle waged by the 15 workers is also praiseworthy. At first they time and again reported the problem to the higher authorities, but the problem remained unsolved. Then they had to turn to the press for help by giving a news briefing and resorting to public opinion. As for indiscriminate price hikes and other violations of disciplines and laws, leaders of some units are not afraid of being reported to the higher authorities but they are overcome with fear of broadcasting their misconducts in radio and publishing them in the press. They are afraid of public opinion just as a snowman fears sunlight. For this reason, to stop reckless price hikes we must better combine mass supervision with the supervision of public opinion.

The action taken by the 15 workers of the Pingxiang City Store of Hardware, Electrical Appliance and Chemical Products is valiant and worth spreading. Leaders of the store should be severely punished for their illicit act of arbitrarily jacking up prices. Furthermore, their higher authorities should criticize themselves for their cool attitude toward the problem. We expect a further report on the matter and also hope that more and more staff members of the commercial system will, as the 15 workers did, have the cardinal principles in mind and take the overall situation into account and will stand firm on the front of opposing reckless price hikes.

Machinery Leasing Businesses Growing Concept
OW0706043188 Beijing XINHUA in English
1348 GMT 6 Jun 88

[Text] Jinan, June 6 (XINHUA) — Machinery leasing, almost unknown 18 months ago, has become a multimillion yuan business in China.

Leasing businesses have now sprung up in 15 provinces, autonomous regions, and cities. Last year, their business volume was 117 million yuan.

The businesses have provided a short-cut for cash-hungry building companies to upgrade equipment.

Many of the businesses may buy the equipment on a deferred payment schedule waiting to pay principal and interest as well as leasing charges until the projects are completed.

About 1,000 pieces of equipment were leased in Shandong Province in the past year.

LIAOWANG Discusses Income in Coastal Areas
HK0806023588 Beijing LIAOWANG in Chinese
No 21, 23 May 88 pp 23, 24

[Article by Xian Zhili (0752 1807 4409): "Favorable Conditions for the Development of the Coastal Areas as Viewed From the Differences in Income of Peasants in Three Economic Regions"—passages in boldface as published]

[Text] Editor's note: The analysis of the economic status quo and the forecast on the economic prospects of the eastern, central, and western regions are always a basic consideration in the formulation of China's economic development strategy. In light of a survey of the income gap between peasants of the three economic regions, the general rural sampling survey team of the State Statistical Bureau has seen the advantageous conditions for economic development in coastal areas and the trend of further development in the central and western regions. The following survey report presented by the team is worth reading, although some readers who are not accustomed to statistical figures and percentages may find it a little bit boring. [end editor's note]

The Chinese peasants' income increased continuously and steadily in 1987. The peasants' per capita net income amounted to 463 yuan, an increase of 39 yuan or 9.2 percent over the previous year. With the rise in prices taken into account, the real increase was 5.3 percent. The peasants in all the eastern, central, and western economic regions have had income increases. The income of the peasants in the eastern coastal region topped the two other regions, increasing by the widest margin and at the highest growth rate last year compared with the income earned by peasants in other parts of the country. In 1987, the per capita net income of the peasants in the eastern coastal region amounted to 567 yuan, an increase of 71 yuan or 14.3 percent over the previous year. It was 134 yuan higher than in the central region and 210 yuan higher than in the western region. Of the top 10 provinces and municipalities with the highest per capita net income for peasants, except Jilin Province (ranked eighth), all the 9 other provinces and municipalities belong to the eastern coastal region. Of these provinces and municipalities, Shanghai had the highest income level and was the first to have its income level exceed 1,000 yuan. The Shanghai peasants' per capita net income amounted to 1,059 yuan, equivalent to 2.3 times

of the average income of the Chinese peasants. Compared in terms of the increase margin of the per capita net income, the eastern region's income level was 2 times that for the central region and 2.4 times that for the western region. In terms of the growth rate, the eastern region had its income level growing 5.3 percent faster than the central region and 5.4 percent faster than the western region. The income gap between the peasants of the above three economic regions shows that the eastern coastal region is enjoying remarkably superior conditions to those enjoyed by the two other regions.

What advantageous conditions is the eastern region enjoying?

Township and village enterprises have been developing rapidly and the income that the peasants earn from enterprises has increased by a wide margin. In the past few years, township and village enterprises in the eastern coastal region have been developing rapidly and these enterprises have now become one of the important sources of the peasants' increasing income. In 1987, the per capita income that the peasants in the eastern region earned from township and village enterprises (footnote: the income the peasants earn from township and village enterprises includes the income they earn from township run and village run enterprises and that they earn from new economic combines. The income of private enterprises and family run enterprises is counted as income arising from family run business.) amounted to 64.4 yuan, while the per capita income earned by the peasants in the central region from sources of the same category was only 13 yuan and that by the peasants in the western region was 6.7 yuan. In other words, the income that the peasants in the eastern region earned from township and village enterprises was 4 times and 8.6 times higher than that for the central region and the western region respectively. The income earned by the peasants in some developed provinces and municipalities of the eastern region from township and village enterprises was even higher, for example, for Shanghai peasants, this portion of income amounted to 433.3 yuan; for Beijing, 245.1 yuan; for Tianjin, 176.6 yuan; for Jiangsu, 126.7 yuan; and for Zhejiang, 115.9 yuan. With well developed township and village enterprises and a large contingent of competent technical personnel, these provinces and municipalities have emerged as the pioneers in export oriented economy in China. Meanwhile, the income arising from township and village enterprises has now become an important part of the peasants' extra income.

Family-run secondary and tertiary industries have been developing rapidly, resulting in tremendous increase in the income. In 1987, for the peasants in the eastern region, the per capita net income derived from family run business amounted to 432.2 yuan, 13 and 36.3 percent higher than that for the peasants in the central and western regions respectively. In terms of the income derived from primary industries, such as agriculture, forestry, animal husbandry, sideline production, and fisheries, the gap was relatively small between the three

regions (the per capita income earned this way was 321.4 yuan for the eastern region, only 2.6 percent higher than that for the central region and 26.4 percent higher than that for the western region). However, the gap in the income derived from secondary and tertiary industries was enormous between the three regions. For the peasants in the eastern region, their per capita income derived from secondary and tertiary industries was 110.8 yuan; that for the central region was 69 yuan; while that for the western region was 62.8 yuan. Although for all three economic regions, the peasants' income derived from secondary and tertiary industries increased considerably, the amount of income that the peasants in the eastern region earned was higher than that for the central and western regions by 60.5 and 76.3 percent respectively; the amount of increase in the income for the eastern region was 1.3 and 1.34 times higher than that for the central and western regions respectively; and, as for the rate of increase, the eastern region was 7.8 and 7.9 percent higher than the central and western regions respectively. The proportion of the income derived from secondary and tertiary industries accounted for over one third of the net income derived from family-run business for the eastern region, 22 percent for the central region, and 24.7 for the western region.

The commodity economy has been prosperous, the money income has been considerable, and the percentage of income in cash has been high. In 1987, for the eastern region, the peasants' per capita money income (excluding the income arising from savings and loans) amounted to 564 yuan, 40 and 84 percent higher than that for the central and western regions respectively. The proportion of the money income to the total income was 72.5 percent for the eastern region, 64 percent for the central region, and 59 percent for the western region. The amount of per capita income arising from the sale of agricultural and sideline products amounted to 310.3 yuan in the eastern region, 14.4 and 58.2 percent higher than that in the central and western regions respectively. The increase in the peasants' money income has resulted in an increase in the peasants' cash on hand and bank savings. By the end of 1987, the cash on hand and bank savings for the peasants in the eastern region amounted to 254 yuan per capita, equivalent to 1.4 and 2 times of those for the peasants in the central and western regions respectively.

The laborers' education standard is relatively high, there are more laborers engaging in non-agricultural work, and the labor productivity is relatively high. In 1987, of every 100 laborers in the eastern region, 15 were specially engaged in non-agricultural work. This proportion was 1.4 and 1.9 times of that in the central and western regions. Of these 15 persons engaged in non-agricultural work, 8 worked with township and village enterprises, a proportion which was 2.8 and 4.3 times higher than that for the central and western regions. Also, the education standard of the peasants in the eastern region is relatively high—of every 100 peasants, 41 have reached an education level equal to junior secondary education or

above, which is 4.9 and 54.5 percent higher than the percentage for the central and western regions respectively. The income level of the laborers is directly proportional to their education standard. Therefore, the high education level and fine quality of the labor force are the important factors contributing to the high income of the peasants in the eastern region and also an advantageous condition for the region.

What inspiration can we draw from the above surveys and analysis?

Speeding up the development of township and village enterprises is an important approach to and an inexorable trend in raising the peasants' income and developing the rural economy. This rule has been fully proved by the development process of township and village enterprises in some developed areas along the eastern coast. At present, although the income that the peasants in the eastern region earn from township and village enterprises is 4 and 8.6 times higher than that in the central and western regions respectively, this portion of income accounts for only 11.4 percent of the per capita net income for the eastern region, 3 percent for the central region, and 1.9 percent for the western region. But the rate of growth in the portion of the peasants' income earned from township and village enterprises has been pretty high for all the three economic regions in the past 2 years. Therefore, in light of their development trend, township and village enterprises enjoy a large market and have an enormous potential. Different places can give full play to their own advantageous conditions. The central and western regions in particular should strengthen bilateral economic association, learn from the advanced experience of developed areas along the eastern coast, introduce advanced technology, and vigorously speed up the development of township and village enterprises. This is an important way to increase the peasants' income.

The central and western regions must vigorously develop primary industry, and, especially in the central region, which is large in area and has a high output of grain, the great development of grain production can be a solid guarantee of increasing the peasants' income. Now the income arising from primary and secondary industries accounts for 72.4 and 71.2 percent of the total net income in the central and western regions respectively. Therefore, the production of primary industry, if raised considerably, will be a principal means to increase the peasants' income. In the wake of the in-depth development of the rural economic reform and the further rise in and the removal of the restrictions on the prices of agricultural products, the relative economic results of agricultural production will be raised. Therefore, the effort to raise the production of grain and other agricultural products will be a principal means to keep the peasants' income increasing constantly. On the other hand, the state should continue to take effective measures to maintain and arouse the peasants' enthusiasm in grain production and ensure that grain growers' income will keep on increasing.

It is necessary to encourage the peasants to make more investments in production and unremittingly improve the economic results. This is a key factor for development of production and increase in income. One of the factors contributing to the high growth in the income of the peasants in the eastern region is the greater amount of investment they have made in production. In 1987, in the eastern region, the per capita input in production amounted to 182.2 yuan, which was 14.9 and 29.2 percent higher than in the central and western regions respectively. The average net income arising from every 100 yuan input was 249 yuan for the eastern region, 260 yuan for the central region, and 234 yuan for the western region. As far as this statistical item is concerned, the eastern region earned 11 yuan less than the central region did but 15 yuan more than the western region did. Based on the present input level and economic results, if the central and western regions raise their input in production to a level comparable to that for the eastern region, and the eastern region raises its average net income for every 100 yuan input to a level comparable to that for the central region, then the level of per capita net income for the peasants in all the three regions will increase remarkably. Therefore, while encouraging the peasants to increase input in production, we must also guide them in practicing scientific management with the aim of constantly improving the economic results. These are the two complementary aspects of our efforts to ensure a constant increase in the peasants' income.

Organizing the peasants to participate in all kinds of productive labor service is an important measure to rapidly raise the peasants' income by making less investment under the present condition of limited funds but abundant labor force. In 1987, the per capita income that the peasants in the eastern region earned from productive labor service was 51 yuan, an increase of 10 yuan over the previous year; and this part of income accounted for 45.8 percent of the net income the peasants earned from secondary and tertiary industries. With regard to the portion of income that the peasants earned from the building industry, transport service, and other productive labor service, Jiangsu, Zhejiang, Guangdong, Tianjin, and Liaoning in the eastern region have topped other parts of the country. For the central region, the portion of the per capita income earned this way was 31 yuan, accounting for 45.3 percent of the net income arising from secondary and tertiary industries. For the western region, this portion of income was 30 yuan, accounting for 47.4 percent of the net income arising from secondary and tertiary industries. Thus it can be seen that establishing a labor service market in a planned way and mobilizing the idle labor force in rural areas to take part in productive work can be another important complementary measure to increase the peasants' income.

Survey Shows Students Struggle To Make Ends Meet
OW0706060588 Beijing XINHUA in English
0123 GMT 7 Jun 88

[Text] Beijing, June 7 (XINHUA) — A sample survey conducted by the Chinese People's University in Beijing

showed about 50 percent of the students questioned were living below the average level of urban consumption expenses in China.

The survey was carried out recently among 6 percent of the university's 7,000 students, of whom about 70 percent came from cities. Both undergraduates and post-graduates of different grades were canvassed, "CHINA DAILY" reported today.

Each student had an average overall monthly income of 54 yuan, about 15 yuan less than the average personal income in urban families, according to the 1986 figures from the State Statistical Bureau.

Although they get state subsidies ranging from six to 30 yuan, most undergraduates continue to rely on their parents while post-graduates made some extra money by teaching in their spare time or writing for newspapers. About 10 percent of the post graduates also need financial help from their families, the survey said.

There are a few students with comparatively high consumption levels thanks to their rich parents or extra income from part-time jobs.

As for monthly expenses, the average post-graduate spent 45 yuan on accommodation, 10 yuan on books, and 7 yuan on daily necessities, leaving 10 yuan as "pocket money". Undergraduates had to spend an average of 40 yuan each on food, and many complained they could not afford to buy books because of high prices.

About 50 percent of the students had radios, 70 percent had tape recorders, 10 percent cameras, and 17 percent musical instruments. All these items were needed for their study and entertainment after class, the survey said.

About 78 percent of all the students surveyed agreed with the statement, "control your spending while you don't earn".

Some students believed it was all right for a few students with ample family support to lead more lavish life-styles than average people.

Others admitted that students do sometimes waste food, throwing away steamed buns or unfinished dishes. But the cooks should also be responsible for the waste, they argued, because the food in the university dining hall was not that good.

Aging Population Poses 'New Challenge'
HK0706142788 Beijing ZHONGGUO XINWEN SHE
Chinese 0416 GMT 2 Jun 88

[Roundup: "The Aging Population, a New Challenge Faced by China"]

[Text] Beijing, 2 June (ZHONGGUO XINWEN SHE)—Every early morning witnesses tens of thousands of old people doing physical exercise in the parks or on the

grasslands at the crossroads in Beijing. They unfold their arms, twist their waists and move in a graceful way which is difficult even for young people.

Similar scenes occur commonly in China's other big cities. China has an elderly population of 90 million who are over 60. By the end of this century this population will have swelled to 130 million, accounting for 1.1 percent [figure as received] of the entire population. By that time, China will have formally become a country of the "old age" type.

The average life span of Chinese people has increased to 69 years in the 1980's from 35 years in the 1940's, and China's natural population growth has been successfully kept at a little more than 1 percent. As a result, this country, which is developing economically, is now seen striding into the ranks of those countries rated as of the advanced type in population status.

The progress of social culture has created a problem for the future society. The Chinese authorities, who have drawn a lesson from uncontrolled population growth in the past, take up the challenge in a positive manner like the old man in a Chinese ancient story who mended his fold after he had lost some of his sheep. The "old age" problem was formally listed in the report delivered at the 13th National Congress of the CPC as "an important problem concerning economic and social development as a whole." The time-honored practice of "respecting, cherishing and supporting the aged" is only disseminated among the masses as an ethical principle for personal integrity.

The comprehensive measures for tackling the aging population are summarized as the following 5 points: "The aged are guaranteed care, medical treatment, employment, education and entertainment." Wang Zhaohua, chairman of the National Committee on Ageing, pointed out at the CPPCC's National Committee held recently: "These cardinal requirements are reasonable and necessary. Society has the responsibility to meet them at a higher and higher level."

With the full employment and the enforcement of the "one child" policy, the traditional practice that the aged are solely provided for by the family is increasingly going nowhere. At present, the Chinese-style formula in which the aged are jointly provided for by the state, the society and the family is thought highly of internationally. It is considered that the system not only suits most of the developing countries but can also be made use of by the developed countries.

With the assistance from the state's civil affairs departments and so on, more than 30,000 homes for respect for the aged have mushroomed in the cities and in the countryside. Apartments for the aged or old folk-care centers have been set up in the bargain in some cities and towns. Hospitals for geriatric diseases, clinics and department stores for the aged have also been rapidly

established in recent years. The introduction and improvement of the insurance system for the aged and other welfare measures is also bound to shake to the very foundation the traditional ideas of "rearing children as insurance against old age" and "the more children, the more blessings."

The old people in China, however, are now feeling uneasy about spending their remaining years free of cares. They consider it a greater mental comfort if they can prove they are the community's assets rather than a burden. Departments at all levels have taken vigorous action to create favorable conditions for them. As a result, in many cities more than 40 percent of the retired personnel are taking part in work or social activities. At the same time approximately 100,000 old people take delight in obtaining knowledge and technology in the 500 universities (schools) for old people across the land, ridding themselves of all the loneliness, monotony and inactivity brought about in their declining years.

Undoubtedly China has a long and tortuous course to follow as far as its welfare services for the elderly are concerned. The prerequisite funds and materials constitute the most difficult problem. Preparations are now under way for the construction of an activity center for the aged which will house recreation rooms, gyms, hotel rooms and offices. This exemplary building of multiple functions is funded by Meipo Enterprise Company in Singapore and is built in cooperation with the China's Foundation for the Aged. The benefit theatrical performance sponsored by ZHONGGUO XINWEN SHE, Beijing Sanlu Factory, the Central Philharmonic Society and other organizations, joined by singers from Singapore and Hong Kong and which is currently on show is one measure for raising money from the community.

Free Health Care 'Heavy Burden'
OW0806035688 Beijing XINHUA in English
0608 GMT 6 Jun 88

[Text] Beijing, June 6 (XINHUA) — China's free medical service, which is regarded as an indication of the superiority of socialism, has caused huge expenditures and a serious waste of medicines, according to today's "CHINA DAILY".

It thus has become a heavy burden on China's economic development.

Founded in the 1950s, the system guarantees that employees in government offices and state-run enterprises, as well as college students enjoy free medical care. The only payment is a registration fee.

In factories with labour insurance, half of the cost of medical care for workers' family members is also paid by the state.

Now about 120 million people, or more than 10 percent of the country's population, enjoy the system, leaving the farmers and urban workers in small and collectively-run enterprises outside the umbrella.

However, the system leaves many loopholes. It is a common phenomenon that the whole family enjoys free medical care if one member is entitled to it.

Many people enjoying the free medical service have their own medicines stored at home. The surplus medicines even find their way into dustbins. Some people even use vitamins and antibiotics to grow flowers and wash clothes.

As a result, many enterprises and institutions have been burdened with big expenditures for their staff's medical service.

According to a survey conducted by the Municipal Federation of Trade Unions in Kunming, capital of Yunnan Province, on 102 enterprises, they paid more than 15 million yuan annually on free medical services, an average of 126 yuan per head, accounting for 11.8 percent of the employees' total wages.

Reforms in the free medical care service are now being carried out in some cities, such as Beijing, Shenyang and Kunming.

In Beijing, the municipal government pays each person who enjoys free medical care 12 yuan every year for medical treatment. People then pay 20 percent of their own medical charges and the government pays the rest. When a person's total medical charge surpasses 60 yuan, which means that he has spent all subsidies, the government then will pay all the surplus medical expenses.

As a successful example of this, since last October the workers of the small stores affiliated to the Xicheng District Non-Staple Food Company in Beijing, have begun to pay four yuan every month to their company for medical treatment insurance. Thus the burden on the enterprises has been lightened and the workers' health care also has been guaranteed.

Official Urges Attention to Education, Culture
OW0806005488 Beijing XINHUA in English
0559 GMT 7 Jun 88

[Text] Beijing, June 7 (XINHUA) — The government should pay more attention to promoting education, science and culture, a Chinese official has urged.

Hu Jiwei, president of China's Federation of Journalism, was quoted in today's "CHINA DAILY" as saying that in recent years, intellectuals have enjoyed the most freedom in their research activities since 1949, unfortunately, the development of science, education and culture are not considered as important as economic construction.

Hu, also vice-director of the education, science, culture and public health committee under the Standing Committee of the National People's Congress, said although the government repeatedly affirmed that priority be given to science and education, many leaders at different levels have paid only lip services.

Many teachers - especially those in primary and middle schools - do not want to continue in their jobs because of low social and economic status.

As for most students in teacher's colleges nationwide, they do not want to be teachers after graduation, although teachers, long dubbed "the architects of the mind", are badly needed across the nation.

Hu said that intellectuals suffered a great deal during the disastrous "Cultural Revolution," however, nowadays they are still not properly paid.

Moreover, most intellectuals are plagued by poor health, overwork and housing shortage. Health problems are especially serious among those above middle age.

For instance, a recent survey showed that the average life expectancy of intellectuals with above-middle-level professional titles is only 58, against the average of 68 for the Chinese in general.

Meanwhile, Chinese publishers are beset by a shortage of paper. Therefore, many valuable books on social and natural science cannot be printed, let alone textbooks for school children. This will inevitably hinder the development of science and education.

Hu suggested that the State Council, when working out the nation's development strategies, should include plans for education, science and culture with financial guarantees.

He urged that the nation should eliminate enormous waste in capital construction, and money thus saved be used to develop science, education and culture.

East Region

Anhui's Wuhu City To Adopt Open Trade Policy *OW0806033388 Beijing XINHUA in English* 0722 GMT 6 Jun 88

[Text] Beijing, June 6 (XINHUA) — The City of Wuhu, in Anhui Province, plans to offer preferential treatment to foreign firms interested in developing business ties.

Zhao Hengqu, mayor of the city, told a press conference here today that such treatment will include allowing greater freedom in the choice of building location, design, and construction as well as supply of materials.

The city will adopt the same open policies as those being practised in China's 14 open coastal cities.

Zhao said that he welcomes foreign specialists, foreign citizens of Chinese origin as well as native technicians to come and take advantage of the preferential policies.

Wuhu's preferential terms also include providing monetary awards to those who introduce successful innovations in the areas of personnel management, technical know-how and material supply and handling. Priority in the choice of building locations, taxation and living facilities will go to those outside individuals and groups who wish to run schools, research institutes and hospitals in the city.

Wuhu is located near the delta of the Yangtze River and the northern border of south Anhui Province. The city is a hot spot for industry and trade, with rich resources and convenient transportation facilities. It was listed by the central government in 1987 as one of the country's 37 medium-sized cities to have made solid economic achievements.

These efforts are all part of the city's long-term plans to raise its total industrial and agricultural output from 3.9 billion yuan in 1987 to 10 billion in 1997.

Development of Fujian's Meizhou Island Underway *OW0706142588 Beijing XINHUA in English* 1135 GMT 6 Jun 88

[Text] Beijing, June 6 (XINHUA) — Plans are in the works for Meizhou Island in southeast China's Fujian Province to be built into a multi-function tourist and economic zone.

The local government has worked out a series of preferential policies designed to attract Hong Kong, Macao and Overseas Chinese investors to the island.

These policies include simplification of entry and exit procedures, easier approval of foreign-funded projects, land use rights auctioned to investors from overseas, establishment of local foreign trade companies, and management autonomy in import-export business.

Infrastructure construction projects now under way on the island include waterworks, power plants, wharves and highways.

Meizhou, a 16-square-meter island with a population of 30,000, [as received] is the site of an ancient temple believed to be a protector of navigators and sailors.

The island has hosted 300 visitors from Taiwan a day since the Taiwan authorities lifted the ban on travel to the mainland.

Fujian Economics Official on Price Adjustment *OW0806050888 Fuzhou Fujian Provincial Service* in Mandarin 1000 GMT 31 May 88

[From the "News" program]

[Excerpts] Listeners, Wang Yihua, chairman of the provincial Economic Commission, today answered our station reporter's questions on what kinds of grain and oil are subject to price adjustments, the range of such adjustments, who will receive price subsidies, and what measures will be taken in this regard.

[Begin recording] [Reporter] How are the grain and oil prices to be adjusted? What kinds of grain and oil are subject to price adjustments?

[Wang] In adjusting the grain and oil prices, we are adopting a principle of acting vigorously but prudently, putting emphasis on subsidies, combining price adjustments with subsidies, and rationalizing the price system step-by-step. Items subject to price adjustments are mainly cereals, including wheat, wheat flour, and rice-wheat flour compound products, as well as cooking oils. [passage omitted]

The price of [words indistinct] rice per 50 kilograms will be adjusted from 14 yuan to 25 yuan in rice-producing areas and from 14 yuan to 27 yuan in sales areas. The prices of wheat flour and rice-wheat flour compound products will also be adjusted appropriately. [passage omitted]

The sales prices of peanut oil and teaseed oil will be adjusted from the present level of 1.64 yuan to 4.40 yuan per kilogram. The price of rapeseed oil will be adjusted from 1.58 yuan to 3.6 yuan per kilogram. [passage omitted]

[Reporter] After the adjustments of grain and oil prices, are there any new regulations as to the recipients of subsidies and measures for giving subsidies?

[Wang] The government has decided to give cadres, staff members, and workers appropriate subsidies so that their living conditions will not be affected seriously by the adjustment of sales prices for grain and oil. Recipients of such subsidies are cadres, staff members, and workers, including those who have retired, and their dependents as well as students of institution of higher education and secondary specialized schools. [passage omitted]

Where the grain price is adjusted to 25 yuan per 50 kilograms, each staff member and worker will be given an 8 yuan subsidy per month. Where the price is adjusted to 27 yuan, the subsidy for each staff member and worker will be 9 yuan per month. As for subsidies for those studying in school, the amount for students of institutions of higher education will be 5.50 yuan per month and that for secondary specialized school students 5 yuan per month. Teachers of schools run by local people, those used to be assisted under the social relief program, families of martyrs, and others deserving assistance will also be given appropriate subsidies by the financial and other departments concerned. [passage omitted]

The subsidies for staff members and workers will be given by the units that pay their wages. Specific procedures in this regard will follow those for nonstaple food price subsidies. As for those enterprises that have difficulty in disbursing the subsidies, the local financial departments should give them some special preferential treatment according to their actual needs. [end recording]

Jiangsu Commentary Supports Family Planning
OW0806050188 Nanjing Jiangsu Provincial Service
in Mandarin 0915 GMT 5 Jun 88

[Station commentary: "Let's Support Family Planning"]

[Text] Family planning is a strategically important matter in the course of China's economic and social development. At present, Jiangsu Province is facing a new birth peak.

However, family planning is regarded by people as the most difficult work to carry out, especially in villages. It requires the whole party to [words indistinct]. It also requires all quarters to coordinate and cooperate with each other to carry out the work. The party organizations at various levels should especially intensify leadership and do all they can to carry out this work. They should further perfect family planning organizations and agencies at various levels, and must see to it that family planning is carried out from top to bottom and at various levels.

At the same time, we should endeavour to publicize family planning, give it financial and material support, and support it in our work unit. In this regard, Yangzhou County, one of Jiangsu's advanced units in family planning, has gained much experience. Since 1980, the county's rate of marrying at a mature age and planned fertility rate have stabilized at more than 90 percent and 99 percent, respectively. It is worthwhile for other localities to use Yangzhou County's effective family planning method for reference.

Nanjing PLA Leaders Visit Jiangsu Photo Exhibit
OW0806052288 Nanjing XINHUA RIBAO in Chinese
28 May 88 p 1

[Excerpt] "Photographs of People's Air Defense," which reflect this province's achievements in people's air defense, opened at the Workers Palace in Nanjing City.

Yesterday morning, Xiang Shouzhi, commander of the Nanjing Military Region; Duan Huanjing, former deputy commander of the Military Region; Sun Jiazheng, deputy secretary of the provincial party committee; Zhou Ze, vice chairman of the provincial Advisory Committee; Zhen Shen, commander of the provincial Military District; and Yue Dewang, political commissar of the provincial Military District, went to the exhibition hall gladly with the masses to see the photographs. [passage omitted]

Convicted Burglars Executed in Jiangxi 31 May
OW0806044188 Nanchang Jiangxi Provincial Service
in Mandarin 1000 GMT 31 May 88

[Text] Two recidivist thieves were executed in Yingtan City this morning. Lu Shoulin and Chen Luyuan, aged 22 and 21, were both natives of Guangxi and unemployed. Lu Shoulin, a recidivist thief, had been sentenced to 3 years in jail on a charge of larceny. After he completed the term and was released in 1984, he showed no signs of repentance and continued to commit crimes. From February 1985 to August 1986, he teamed up with another recidivist thief, Chen Luyuan; together they prowled through a dozen or so large- and medium-sized cities including Nanning, Changsha, Wuzhou, Hengyang, Beijing, Nanjing, and Yingtan, committing crimes in offices of government departments and residential areas. They looted more than 66,000 yuan worth of goods and money. [words indistinct]

As ratified by the Jiangxi Provincial Higher People's Court, recidivist thieves Lu Shoulin and Chen Luyuan were sentenced to death by the Yingtan City Intermediate People's Court and deprived of political rights.

Jiangxi Leaders Brief Song Renqiong on Situation
OW0806003688 Nanchang Jiangxi Provincial Service
in Mandarin 1000 GMT 3 Jun 88

[Excerpts] Song Renqiong, vice chairman of the Central Advisory Commission, was the party representative of the Red IV Corps during the Jinggangshan struggle. He has returned to Jiangxi for a visit 60 years later. [passage omitted]

Song Renqiong arrived in Jiangxi on 20 May. Accompanied by the responsible comrades of the Jiangxi Provincial CPC Committee and the provincial Advisory Committee, he visited Yifeng, Jinggangshan, Ganzhou, Jian, and Nanchang successively.

Responsible comrades of the Jiangxi provincial party committee and the provincial government briefed Song Renqiong on the situation of Jiangxi Province on the morning of 2 June. The responsible comrades of the provincial party, government, and army organizations

present at the briefing were Mao Zhiyong, Wu Guanzheng, Liu Fangren, Wang Zhaorong, Wang Baotian, [name indistinct], Zhao Zengyi, and [two names indistinct]. Song Renqiong spoke at the meeting. [passage omitted]

Accompanied by Comrades Mao Zhiyong and Bai Dongcai, Comrade Song Renqiong visited Fu Yutian, member of the Jiangxi Provincial Advisory Committee and responsible person of the former preparatory group for the provincial Advisory Committee, in Nanchang on the morning of 30 May.

Song Renqiong said: The Advisory Committee is an adviser and assistant to the party committee of the corresponding level. It should do its work well on the principle of doing what it can, all it can, and what is necessary. There are many old comrades in Jiangxi. A common task for them is to support the new leading body in work. The current situation is very good but there are also many problems, such as the problems of commodity prices, education, party style, public order, and agriculture. Old comrades should support the new leadership in solving these problems.

During his stay in Nanchang, Song Renqiong also called on Fang Zhichun and other old comrades.

Jiangxi Leaders Attend Children's Gathering
OW0806044788 Nanchang Jiangxi Provincial Service
in Mandarin 1000 GMT 1 Jun 88

[Excerpts] Some outstanding personnel doing work for children in Jiangxi Province and some children in Nanchang City celebrated International Children's Day on 1 June together. [passage omitted]

A grand meeting on commending the collectives and people that did excellent work for children in Jiangxi Province was held in the newly completed Children's Center this morning. [passage omitted]

Vice Governor Qian Jiaming presided over the meeting. Other leading comrades issued certificates of merit to the commended collectives and persons. The leading comrades included Song Renqiong, vice chairman of the Central Advisory Commission; Bai Dongcai, member of the Central Advisory Commission; leaders of provincial party, government and army organizations Mao Zhiyong, Wu Guanzheng, Liu Fangren, Wang Baotian, Zhao Zengyi, Zhu Zhihong, Wu Ping, Shen Hanqing, Li Shanyuan and Cheng Andong; and old Comrades Fang Zhichun, Fu Yutian, and (Zhou Yueling).

Governor Wu Guanzheng spoke at the meeting. [passage omitted]

Shanghai People's Congress Ends First Session
OW0806023488 Shanghai City Service in Mandarin
2200 GMT 4 Jun 88

[Text] The First Session of the Standing Committee of the Ninth Shanghai Municipal People's Congress ended yesterday. Speaking at the meeting, Ye Gongqi, chairman of the Standing Committee, called for building the committee into a democratic and hardworking state power organ representing the will of the people.

The meeting approved by secret ballot the namelists of the Credentials Committee and the Personnel Work Committee of the municipal People's Congress Standing Committee as well as the namelists of additional members of the various special committees of the municipal People's Congress.

Chen Tieti is chairman, Wu Minhua and (Zheng Zi) vice chairmen, and (Deng Peixin) and (Li Kelin) members of the Credentials Committee of the municipal People's Congress Standing Committee.

Chen Tieti is chairman, Wu Minhua and (Zheng Zi) vice chairmen, and (Chen Tao) member of the Personnel Work Committee of the municipal People's Congress Standing Committee.

(Lu Tingfang), (Chen Tianchi), (Fan Qingshan), and (Tian Zhen) are members of the Legal System Committee of the municipal People's Congress.

(Ye Zhongruo), (Tian Er), (Jiang Rong), (Yan Ruitian), (Zhang Xiaojun), and (Pan Renjie) are members of the Finance and Economic Committee of the municipal People's Congress.

(Wang Chengde), (Gu Weixian), (Zhao Chengjian), (Bao Zhixiang), and (Cai Xixian) are members of the Urban Construction Committee of the municipal People's Congress.

The meeting also examined and adopted a resolution on problems encountered during the implementation of the municipal regulation governing the application, examination, and approval of joint ventures, cooperative enterprises, and wholly foreign-owned enterprises. It also adopted a resolution on several questions related to the canceling of the establishment of the Baoshan District by combining Baoshan County and Wusong District.

Chairman Ye Gongqi chaired yesterday's meeting.

Shanghai To Merge Baoshan County, Wusong District
OW0806050788 Shanghai Voice of Pujiang
in Mandarin to Taiwan 0900 GMT 3 Jun 88

[Text] With State Council approval, Shanghai will abolish Baoshan County and Wusong District and set up a new Baoshan District which integrates urban and rural areas.

It has been learned that the establishment of the new district will be conducive to the implementation of Shanghai's overall urban planning, to economic development in the county and district, to the integration of city and countryside, and to political and economic restructuring.

Baoshan County and Wusong District have a population of 520,000 and a total area of 425.18 square km.

Zhejiang Issues Circular on Enterprise Reform
OW0806045188 Hangzhou Zhejiang Provincial Service in Mandarin 0900 GMT 11 May 88

[Text] The Zhejiang provincial government today issued a circular on improving, broadening, and deepening the reform of enterprises, introducing supporting reforms, and developing and improving the diversified forms of the managerial responsibility system. The circular called on various localities to promote the managerial responsibility system in various enterprises in an overall manner, and study how to further improve the various forms of enterprise management.

In principle those state-run enterprises which have not implemented any managerial responsibility system must do so within this year. Those enterprises that have already put into effect some form of managerial responsibility system must adopt measures to further improve their own management and raise their own standards. Enterprises other than state-run enterprises, as well as those collectively owned enterprises, must promote the various forms of the managerial responsibility system according to the actual conditions in the enterprises and in a planned manner.

The circular called for efforts to explore ways of running enterprises on a contractual basis such as leasing, merging, management transfer, joint operation and forming business groups. It called for carrying out experiments in implementing the various forms of the shareholding system. The circular stressed the need to introduce competition in implementing the contracted managerial responsibility system. It urged various localities to follow the principle of carrying out the open bidding system, practicing equality, encouraging competition, and selecting the best-suited person to run the enterprise.

The circular pointed out: Cadres working for government and party organizations are also encouraged to run enterprises on a contractual basis. Except for those who are needed essentially for their specific posts, others should be released by their respective units. At the same time, cadres should be allowed to resign or to leave without pay upon their own request. Measures should be taken to allow them to stay where they are and retain their rations on the basis of their household registration. In general, there should be no changes in this connection.

The circular put forward a policy of encouraging well-managed enterprises to run poorly managed enterprises. It worked out some specific policies with regard to some major issues on the contract system.

The circular also called on the contracting enterprises not to relax their efforts in strengthening their management just because they have signed the contracts. After the contracts are signed, enterprises must exert strenuous efforts in improving and deepening the reform of the enterprises and introducing supporting reforms; and concentrate their efforts in strengthening management. In conclusion, the circular urged the leaders at all levels to strengthen their leadership over the work of contracting the management of enterprises, and help invigorate the enterprises.

Central-South Region

Shenzhen Official Arrested for Embezzlement
OW0806050388 Beijing XINHUA Domestic Service in Chinese 0053 GMT 5 Jun 88

[By reporter Lin Yudong]

[Text] Shenzhen, 5 Jun (XINHUA) — Chen Shifu, the former deputy director of the Industry and Commerce Administration Subbureau of Shenzhen City's Nantou District, was dismissed recently from the party and his post for abuse of power, embezzlement, and serious violations of law and discipline. All the properties he acquired through corruption were confiscated. The judicial departments have now arrested him in accordance with the law.

Chen Shifu had been a party member for nearly 30 years. Between 1982 and February 1985, and during his tenure as head of the Shekou Industry and Commerce Station, Chen Shifu collaborated with five cadres from the station to embezzle collectively some 34,000 renminbi yuan and some 3,400 Hong Kong dollars by making false claims, not keeping accounts on income, pocketing wages of nonexistent antimuggling staff members, administrative fees and fines, and illegally disposing of confiscated goods and monies. In all, Chen Shifu's share amounted to 8,783.39 renminbi yuan and 686.30 Hong Kong dollars. After his transfer to the Nantou District Industry and Commerce Administration Subbureau, he continued to hold back and transfer administrative fees that should have been remitted to higher authorities and spent this money freely.

Southwest Region

Yunnan Contracted Enterprises Show Profits
OW0806022088 Beijing XINHUA in English 1046 GMT 6 Jun 88

[Text] Beijing, June 6 (KUNMING) [dateline as received] — In southwest China's Yunnan Province, 140 larger contracted enterprises have been pulling in lots of profits over the past two years, today's "PEOPLE'S DAILY" reported.

Overall industrial output value and profits logged by these firms last year were up 5.6 and 11.1 percent respectively over 1986, the report said, adding their rate of taxes paid to the state and annual individual income also climbed 3.2 and 15.8 percent respectively over the previous year.

Local economists believe these enterprises, which now account for 12.5 of the total number of enterprises in the province, will [words indistinct] percent of [words indistinct] be paid to the state this year, the paper said.

North Region

Beijing Paper Criticizes University Troublemakers
OW0806022488 Beijing XINHUA in English
0149 GMT 8 Jun 88

[Text] Beijing, June 8 (XINHUA) — A "BEIJING DAILY" commentary today criticised a small number of people in Beijing University for stirring up trouble and attempting to turn a criminal case into a political issue.

A postgraduate student in the university was killed by a group of gangsters on June 2. The party and the government gave much attention to this case. All six alleged criminals were arrested by the police within 40 hours, and they will be penalized according to law.

But, the paper said, a handful of people in Beijing University, including outsiders mixing themselves among the students, tried to complicate the matter by spreading lies and stirring up trouble. In posters and public speeches on the campus, these people called for "making a mountain out of a molehill."

The paper went on, at a time when China's reform enters a critical juncture and requires a stable social environment, these persons attempt to use this criminal case to plot anti-government activities. Their motive is obviously to totally negate the achievements made in the reform over the past decade and undermine reforms and opening to the outside world. Some even openly asserted, "our goal is to overthrow the government," and called for strikes among students and faculty.

The paper said that these acts and speeches have aroused the anxiety and vigilance among the students and faculty in the university who will not allow a small number of people to create trouble and sabotage the reform.

The reform needs a stable climate and the people need a stable situation, the paper stressed. No reform can be accomplished when "an earthquake" is going on. China's four modernizations program can only be materialized under the leadership of the party and the government and with the unified efforts of the people of the whole country.

China's workers, peasants and intellectuals will not tolerate anyone who stirs up trouble or sabotages the reform, it said.

China's reform faces a very difficult task of straightening out the prices and wages and establishing a new order of socialist commodity economy, the paper noted. "As the reform proceeds, the interests of a part of people will be inevitably affected, leading to contradictions of one kind or another," the paper said. "That is why there is the need to improve ideological work, strengthen democracy and legal system, and properly handle various contradictions to guarantee social stability and gradually establish a new order matching the socialist commodity economy."

The paper stressed that the regulation worked out by the Beijing Municipality on demonstration in 1986 should be resolutely implemented as it protects the democratic rights and normal order in work, study and life of the people.

"We are convinced that most of the students, like the rest of the people in the city and the country, will prove themselves supporters of the reform and will carry the reform through to the end," the paper concluded.

On Public Order Announcement
OW0806021688 Beijing XINHUA in English
0133 GMT 8 Jun 88

[Text] Beijing, June 8 (XINHUA) — The "BEIJING DAILY" today carried an announcement issued by the Beijing municipal people's government Tuesday on public order in the capital.

The announcement was prompted by an incident at Beijing University in which one postgraduate was beaten to death and three others injured by a group of hooligans on June 2.

All the six suspects in connection with the incident were arrested on June 6. The announcement said the criminals will be punished severely and promptly according to legal procedures. The announcement denounced a handful of people with ulterior motives who have taken the opportunity of this criminal case to concoct rumours and slander the reform and open policy in violation of the law and sabotaging political stability and unity.

"These activities are against the fundamental interest of the Chinese people and the will of the students and faculty of Beijing University," the announcement said, and it urged students and faculty members at the university to keep a sober mind, distinguish between right and wrong and defeat the attempts of the handful of people.

The announcement also reiterated that all demonstrations without previous approval are illegal according to a rule adopted by the municipal People's Congress Standing Committee in 1986, and urged all residents in the capital to keep to the rule.

Beijing Military Region Improves Workstyle

OW0806041788 Beijing Television Service
in Mandarin 1000 GMT 6 Jun 88

[Text] It is an usual practice for higher authorities to check on the work of lower ones and higher-level organs on grass-roots units. However, the reversal of roles is a new thing in the year of reform.

This station reporter witnessed the cadres from divisions and brigades of the Beijing Military Region checking on the function and operation of working personnel, on workstyle, and modernization work of the units of the Military Region's Headquarters, Political Department, and Logistics Department. The cadres, now taking the Military Region's intensive course on teaching methods, were asked to do such work by Commander Zhou Yibing and Political Commissar Liu Zhenhua; it is like a daughter-in-law checking on the work of her mother-in-law. This increases the transparency of unit work. This style of daring to face the grass roots not only raises the capability of units' leading cadres and personnel in organizing, managing, educating, and training army units and is favorable to eliminating bureaucratism in units. It also improves cadres' workstyle, making them more conscientious, responsible, practical-minded, and efficient.

Beijing Opens Vehicle Safety Inspection Station

OW0806045888 Beijing XINHUA in English
1435 GMT 7 Jun 88

[Text] Beijing, June 7 (XINHUA) — A motor vehicle safety inspection center was established here today.

The center, set up by the China Kanghua Development Corporation without government funding, is the first of its kind in the country.

It will conduct safety inspections of new, refit and import motor vehicles under rights empowered by the Transport Bureau of the Ministry of Public Security and the State Administration of Standards.

With 1 million kilometers of highway and 12 million motor vehicles, China [words indistinct] fatality every 10 minutes.

Inner Mongolia CPPCC Session Opens 23 May

SK0806063288 Hohhot NEIMENGGU RIBAO
in Chinese 24 May 88 p 1

[Excerpts] The first session of the Sixth Inner Mongolia Autonomous Regional CPPCC Committee opened ceremoniously at the auditorium of the Inner Mongolia autonomous regional people's government in Hohhot on the morning of 23 May.

Seated in the front row of the rostrum were Hao Xiushan, Yun Zhaoguang, Yun Shufen, Wang Chongren, Wu Ligen, Lan Qianfu, Li Shuyuan, Zhang Shunzhen, Qi Zhongyi, Tu Ke, Han Ming, and Baoyan Batu, executive members of the Presidium; and Ha Lun, secretary general

Wang Qun, Bu He, Qian Fenyong, Batu Bagen, Tian Congming, Cai Ying, Xu Lingren, Zhou Rongchang, Wen Jing, Liu Yunshan, Wang Duo, Lin Weiran, He Yao, Zhou Beifeng, Seyinbayaer, Chao Luomeng, Bute Geqi, Liu Zuohui, Bai Junqing, Zhao Zhihong, Zhang Cangong, Pei Yingwu, Alatan Aoqier, Li Guibin, Shi Shengrong, Chen Bingyu, and Liu Zhenyi attended the opening ceremony to warmly congratulate the convocation of the session.

Others attending to extend congratulations were Ting Mao, member of the Central Advisory Commission, and Kong Fei, Standing Committee member of the National CPPCC Committee.

Other members of the Presidium were also seated on the rostrum.

At 0900, Hao Xiushan declared the first session of the Sixth Inner Mongolia Autonomous Regional CPPCC Committee open. Hao Xiushan delivered a speech after the national anthem was played. He said: This session is held in the new situation emerging after the 13th Party Congress, the first session of the Seventh NPC, and the first session of the Seventh National CPPCC Committee were convened, and is a very important session. It will elect the chairman, vice chairmen, secretary general, and Standing Committee members of the Sixth Inner Mongolia Autonomous Regional CPPCC Committee, and hear the work report of the Standing Committee of the Fifth Inner Mongolia Autonomous Regional CPPCC Committee. Another important item on the agenda of this session is to attend the First Session of the Seventh Inner Mongolia Autonomous Regional People's Congress as nonvoting delegates, and hear and discuss the government work report, and other reports.

Yun Zhaoguang, vice chairman of the Fifth Autonomous Regional CPPCC Committee, delivered the work report of the Standing Committee of the Fifth Autonomous Regional CPPCC Committee. [passage omitted]

The Motions Work Committee of the Fifth Autonomous Regional CPPCC Committee submitted a written report on motions work to the session.

The session discussed and approved a namelist of the chairman, vice chairmen and members of the Motions Work Committee of the Sixth Autonomous Regional CPPCC Committee. The chairman of the Motions Work Committee is Baoyan Batu, and vice chairmen are Ao Yun, Su Changde, Li Yimin, and Yun Gang.

Shanxi's Taiyuan Sets Example in Saving Water
OW0706120188 Beijing XINHUA in English
1155 GMT 6 Jun 88

[Text] Taiyuan, June 6 (XINHUA) — Taiyuan, capital of China's leading coal producing Shanxi Province, has set an example for cities throughout China in saving scarce water.

A city official in charge of water resources said today that the city has saved a total of 243 billion litres of water over the past seven years, equivalent to the total supplied by the city's waterworks over the past two years.

Between 1980 and 1987, the city's industrial output value rose from 3.77 billion yuan to 7.56 billion yuan. However, water usage dropped from 693,000 litres per 10,000 yuan worth of production output in 1980 to 318,000 litres last year. In addition, industrial water reuse rates went up from 66.7 percent to 75 percent last year.

According to the official, Shanxi is rich in coal but faces severe shortages of water resources. The average water usage rate per person in Taiyuan, with a population of 2.4 million, is a mere 7.4 percent of the average national per-person rate.

While opening up new water resources since 1980, the city government has launched a publicity blitz aimed at saving water, worked out plans for improved water usage and fined those who surpassed planned water quotas.

Tianjin's Gross Industrial Output Increases
OW0806060988 Beijing XINHUA in English
1131 GMT 7 Jun 88

[Text] Tianjin, June 7 (XINHUA) — Tianjin's gross industrial output last month was 11 percent higher than in May last year.

Industries produced 3.137 billion yuan worth of goods bringing their total output for the first five months of the year to 14.375 billion yuan, an increase of 10.8 percent over the same period last year.

A municipal official attributed the increase to greater attention to market-oriented goods, more technical upgrading, and a deepening of reform within enterprises.

The official said the industrial output value of municipal enterprises rose by 6.5 percent in the first five months while that of collective businesses jumped 15.3 percent.

Light industrial output over the period totalled 7.876 billion, up 12.8 percent; heavy industrial output reached 6.499 billion yuan, up 8.5 percent.

Northeast Region

Science Association Branch Set Up in Shenyang
OW0306062088 Beijing XINHUA in English
1131 GMT 2 Jun 88

[Text] Shenyang, June 2 (XINHUA) — The China Non-Government Science and Technology Entrepreneurs Association has set up its 16th branch in this capital of Liaoning Province.

The branch has 60 entrepreneurs.

The association, set up in May 1987, represents 10,000 non-government science and technology institutions with a total of 150,000 employees, half of them technicians.

The institutions have helped 221 rural and small enterprises in 10 cities, including Shanghai, Taiyuan, Guilin, Zhengzhou, Kunming and Jinan.

The Beijing institutions have developed 1,355 research achievements and new products, of which 41.6 Percent have been applied in production.

A chemical application research institute in Anshan, Liaoning Province, earned the state 500,000 yuan (220,000 U.S. dollars) in profits and taxes.

Northwest Region

Gansu Group Concludes Investigation of Guangdong
HK0806022188 Lanzhou Gansu Provincial Service
in Mandarin 2300 GMT 7 Jun 88

[Excerpts] According to GANSU RIBAO, a Gansu study and investigation group which visited Guangdong Province left Guangzhou and returned to Lanzhou on 7 June. The group was headed by Gansu CPC Committee Secretary Li Ziqi and Governor Jia Zhijie. This study and investigation activity, organized by the provincial party committee and government, was undertaken against the background of the extensive discussion on the productive forces criterion throughout the province. [passage omitted]

During some 20 days in Guangdong, the group visited Shenzhen and Zhuhai Special Economic Zones and Dongguan, Zhongshan, Foshan, Zhanjiang, and Guangzhou Cities, and discussed questions of developing economic cooperation between the two provinces. A number of letters of intent were signed. Guangdong CPC Committee Secretary Lin Ruo and Governor Ye Xuanping gave the group a detailed account of Guangdong's experiences in reforms and construction.

Sending a large study and investigation group to visit a fraternal province is a major measure adopted by the provincial party committee and government. During their visit, the members were educated greatly and enlightened through their observations, thoughts, and

discussions. They all felt that they had emancipated their minds, opened up new lines of thought, and broadened their vision. They also saw the discrepancies and deeply felt the situation and pressure of fierce competition in economic development between different provinces, and strengthened their sense of urgency and responsibility for speeding up the development of Gansu's economy. In particular, every member of the group was profoundly impressed by Guangdong's experiences and methods in continually emancipating the mind, changing concepts, delegating powers, relaxing policies, applying the law of value to guide economic work, and fully mobilizing the enthusiasm of the grass roots and the masses.

The group members declared: We must refer to Guangdong's experiences and take practical and effective steps in connection with Gansu reality to run the province's affairs even better.

This study and investigation has provided useful experiences for Gansu's further reforms, opening up, and invigoration, and will play a useful role in promoting future work and economic development.

Cousin Hopes for Dalai Lama's Return to Qinghai
OW0806052188 Beijing XINHUA in English
0806 GMT 7 Jun 88

[Text] Xining, June 7 (XINHUA) — Qilocai, the Dalai Lama's cousin, has expressed her hope for the religious leader to come back to China and visit his former residence in Qinghai Province.

"Three of the Dalai Lama's brothers and one sister have come back for a visit," the 77-year-old woman said, adding only the Dalai Lama and his youngest brother who are both residing in India have not returned.

The Dalai Lama was the fourth of his parents' six sons and one daughter, and all except the youngest were born at the family's former residence at Qijiachuan in eastern Qinghai's Hongyazigou Village.

Most Tibetans live in the Tibet Autonomous Region, but some reside in neighboring Qinghai, Gansu, Sichuan and Yunnan Provinces.

Surrounded by trees and facing ice-capped mountains, Hongyazigou Village is home to 44 rural families.

The Dalai Lama's former home has an 800-square-meter courtyard and 61 rooms built in Tibetan-style wooden structures. On the second floor of the main building is a chapel which has altars on all four sides and pictures of the Dalai Lama taken in India hung along the walls.

The pillars, doors and window frames are all exquisitely engraved and the bricks used in the courtyard walls feature carvings of flowers, birds, dragons and phoenix patterns. In the center of the yard is a pole draped with prayer flags.

Qilocai maintained the residence after the Dalai Lama and his family left for Lhasa, the Tibetan capital.

"The Dalai Lama's secular name was Lhamo Danzhub," said Qilocai who was just a teenager when the boy was selected to be the 14th Dalai Lama, and she says she still remembers the scene when her cousin was carried away on horseback to Lhasa.

According to Qilocai, the residence was first built in 1943 [date as received] and the Dalai Lama came back to pay a visit in 1956 when he was on his way to Beijing for a session of the National People's Congress.

During the visit, he asked the local government to turn the residence into a school under the name the Dalai Primary School," but the dream never came true because the government decided to build a completely new school somewhere else.

Long in disrepair, the residence was torn down in 1968, but in 1985, the Qinghai Provincial Government decided to rebuild the site and allocated 350,000 yuan (94,600 U.S. dollars) for the project.

In 1986, the Dalai Lama sent P.T. Takla, his brother-in-law, back to China to visit the residence which was then still under construction.

The new buildings are still considered the Dalai Lama's personal property and Qilocai now holds his official property certificate issued by the local government.

Qilocai and her family of eight live in a courtyard-style house beside the Dalai Lama's residence, and as a member of the Qinghai Political and Consultative Conference, she often travels around the province.

Qilocai's son, Qifuquan, 42, has been teaching in the Dalai Primary School since he graduated from the Qinghai Nationalities College in the 1960's, and is now the school's principal.

Two of Qilocai's grand-daughters are also graduates of the Qinghai Nationalities College, while another grand-daughter is studying in the college's preparatory program.

In front of a photo of herself with Dalai Lama, Qilocai recounted memories of her trip to India in April, 1985 when she visited him.

"Some tried to convince me to stay in India," she said, "but because I wasn't used to the life there, I decided home is best and returned to China with my grand-daughter several months later."

NPC Official Lectures on Policymaking in Qinghai
HK0706143188 Xining Qinghai Provincial Service
in Mandarin 1400 GMT 6 Jun 88

[Excerpts] Feng Zizhi, member of the NPC Standing Committee and vice chairman of the China Democratic League Central Committee, this morning gave a lecture entitled "Leadership and Policy Making" for nearly 1,000 cadres from the provincial organs, enterprises, and units in the provincial People's Auditorium. [passage omitted]

Professor Feng Zizhi affirmed the connotative [nei han] relations between leadership and policy making, stressing: Leadership means policy making. During the initial stage of socialism, it is particularly necessary for leaders to make policy decision in a democratic and scientific way. [passage omitted]

The public lecture was presided over by Vice Governor Bian Yaowu. [passage omitted]

Direct Passage of Ships Between Shores Suggested
HK0706133988 Beijing ZHONGGUO XINWEN SHE
in Chinese 1347 GMT 31 May 88

[Text] Hong Kong 31 May (ZHONGGUO XINWEN SHE)—Taipei sources: Taiwan's Ministry of Economic Affairs suggested recently that international commercial ships be allowed to navigate directly to and from the other side of the Taiwan Strait.

CHUNG-KUO SHIH-PAO [CHINA TIMES] has reported today that, the major reason for Taiwan's "Ministry of Economic Affairs" to consider lifting the ban on direct navigation between the two sides of the Taiwan Strait is that many maritime service companies comment frequently that the existing restrictions are impractical. Moreover, this has increased indirectly the transportation costs for Taiwan enterprises, thus being unfavorable to Taiwan businessmen in their competition in the world market.

Echoing the proposal of the industrial and commercial circles to expand and relax imports of agricultural and industrial raw materials to increase the chance for purchasing cheap raw materials, Taiwan's "Ministry of Economy" has already instructed the "International Trade Administration" to further collect and edit data concerning agricultural and industrial raw materials, and to submit them to the "Action Group under the Executive Yuan," for it to decide what items should be lifted from the import ban.

"CHUNG-KUO SHIH-PAO" also reported that, to suit the needs arising from the changes in the relations between the two shores, Taiwan's organization in charge of economy and trade has already decided to make a formal suggestion to the authorities to revise the regulations on "banning contacts with the CPC" in the principle of entrepot trade, and to relax the stipulation that foreign economic relations and trade personnel stationed abroad "are forbidden to have contacts with the CPC."

Businessmen Propose Mainland Ferry Link
OW0806050088 Beijing XINHUA in English
1432 GMT 7 Jun 88

[Text] Hong Kong, June 7 (XINHUA) — Businessmen in Taiwan's shipping industry are hoping to start a passenger ferry serve between Taiwan and the mainland, something that has been banned by Taiwanese authorities, according to Taiwan newspaper reports.

But the businessmen believe they can get around the prohibition by registering the ships to foreign companies.

According to Taiwanese newspapers, the businessmen plan to buy two ships for a route possibly between Keelung in the northern part of the island and Fuzhou or Shanghai on the mainland. The service could begin as early as next month.

Up to now, the only way Taiwan residents have been able to come to the mainland is by going through a third place such as Hong Kong or Japan.

Taiwan "law" forbids direct navigation with the mainland, but ships registered to foreign companies are not subject to the regulation.

So Taiwan businessmen have decided to have the ships registered in a third place. The ships will make a "symbolic" stopover at a Japanese port before arriving at the mainland.

Foreign-owned ships serving in the Taiwan shipping industry can ask the Taiwan authorities for approval if they want to go directly to the mainland if necessary, local papers said.

The current law in Taiwan does not say that the ships departing from Taiwan must load or unload cargo or passengers, while stopping at a third place before reaching the mainland.

Therefore, the plan to start direct navigation between Taiwan and the mainland doesn't contravene the "law", local papers said.

'Roundup' Discusses Visiting Relatives Policy
HK0806055988 Beijing ZHONGGUO XINWEN SHE
in Chinese 0634 GMT 3 Jun 88

[Roundup: "A Heartening Trend of Visiting Relatives"]

[Text] Beijing, 3 Jun (ZHONGGUO XINWEN SHE)—The barriers that separated the two sides of the Taiwan Strait for nearly 40 years have not been removed, and a trend of visiting relatives on the mainland has appeared. This situation and tendency are indeed gratifying and heartening.

Six months have passed since the Taiwan authorities officially permitted Taiwan residents to visit their relatives on the mainland on 2 November 1987. According to statistics, in the past 6 months, more than 77,000 Taiwan compatriots entered the mainland to visit relatives and make a sightseeing tour; and more than 63,000 people left the mainland after concluding their visits. This made the total number of Taiwan residents entering and leaving the mainland over 140,000 people. In addition, some new tendencies have also appeared in this relative-visiting tide: At the beginning, most visitors were old people; now the number of young and middle-aged people is increasing. The proportion of Taiwan natives is also increasing. More and more people visited the mainland as part of tourist groups.

In the past 6 months, three high tides appeared during the New Year, the Chinese New Year, and the Qingming Festival. Now, it is another busy tourist season, and the fourth high tide will soon appear.

The trend of visiting relatives has also brought about a "mainland fever" in Taiwan. Many people tried to come to the mainland to seek their roots, to make a sightseeing tour, to do business, to produce films, or to cover news. Some visitors brought Taiwan's earth and native products to hold a sacrificial rite at the tomb of the Yellow Emperor; some visitors climbed to the top of the Great Wall to sing a eulogy; some visitors came to Lugouqiao Bridge to mourn the dead in the war against the Japanese invaders; some Taiwan singers gave public performances, and their romantic love songs and enthusiastic pop songs were always very appealing and aroused thunderous applause.... The blood relations, the homesick feelings, and the loving care between compatriots have closely linked the people on the two sides of the strait with each other.

Now, public opinion in Taiwan and in overseas areas is evaluating the "trend of visiting relatives." People commented on the state of affairs and made comparisons from various angles and at various levels. Although the opinions vary greatly, people generally agree that the "trend of visiting relatives" is beneficial to both the people and the country. The advantages can be summarized into the following points: First, the people who were separated for a long time on the two sides of the strait are the main beneficiaries. They now can get together with their beloved relatives and procure family happiness. Second, tens of thousands of Taiwan visitors can personally witness the reality on the mainland. This enables them to remove some uncalled-for concerns and misgivings and helps relax the tension between the two sides. Thus, the artificial hostility can be removed and the feelings between blood relatives and compatriots of the same nation can be increased. Third, the "trend of visiting relatives" also promotes exchanges and intercourses between the two sides in many fields and at various levels. The visitors come from different trades

and social strata in Taiwan and hold different beliefs and political positions. They also cherish different interests and hobbies. They certainly will bring information from Taiwan to the mainland and then bring information of the mainland back to Taiwan. Fourth, this will provide necessary conditions for official contacts between the two sides. The Taiwan residents' visits to the mainland have brought about numerous issues concerning their marriage, death, property inheritance, post communications, the copyrighting of works, investment, and trade, which need urgent and proper settlement. The settlement of such issues will inevitably lead to the contacts and consultations at a higher level between the two sides.

The public is now watching the Taiwan authorities' attitude toward the "relative-visiting trend" and the "mainland fever." As public opinion pointed out, the Taiwan authorities "could positively comply with the trend in some aspects, and also showed a hesitant manner and acted slowly." For example, they widely opened the door for the Taiwan residents to visit the mainland, but still maintained the rigid policy toward mainlanders' desires to visit Taiwan. Recently, two events disappointed and angered many people: Two Taiwan businessmen were sentenced to imprisonment by the Taiwan authorities for their business activities on the mainland; and a Taiwan baseball coach was prevented from going to train the mainland baseball team. Such volatile practice showed that the Taiwan authorities had not made up their mind in adopting the policy and were still greatly agitated.

The "relative-visiting policy" is part of the Taiwan authorities' "mainland policy." With the vigorous development of the "relative-visiting trend" and the "mainland fever," public opinion inside and outside Taiwan will prompt the Taiwan authorities to formulate more quickly a "more flexible" and "more explicit" "new mainland policy." Public opinion also pointed out that the "new mainland policy" will be the key for the 19 million Taiwan compatriots to "march toward a new era," and will also be a crucial issue concerning the termination of the separation between the two sides of the strait.

Board To Seek Preferential East Europe Tariffs
OW0806010988 Taipei Domestic Service in Mandarin
2300 GMT 5 Jun 88

[Text] Information collected by the Board of Foreign Trade since the government lifted control over direct trade with East Europe reveals that there is basically no preferential tariff treatment granted to the Republic of China [ROC] by the seven East European countries. Hence the financial and economic departments plan to authorize the Board of Foreign Trade to negotiate with East European countries on lifting the discriminatory measures so that the ROC can apply the second-category preferential tariff treatment. This plan, after thorough study, will be submitted to the financial and economic departments for final approval.

According to economic and foreign trade officials, the principles of our country's second-category preferential tariff treatment for East European countries will also apply to countries which neither give preferential treatment to, nor take discriminatory measures against, the ROC. The Board of Foreign Trade will be authorized to negotiate with countries having discriminatory measures. A list of East European countries to be granted preferential tariff treatment first will be proposed by the board after discussions with the Tariff Committee [words indistinct].

Policy Change on Visits To, From Mainland Proposed
OW0806051588 Taipei International Service
in English 0200 GMT 6 Jun 88

[Text] A Kuomintang study group has decided to propose a more open policy towards the Chinese mainland so as to push reforms on the other side of the Taiwan Strait.

Under the proposed policy, religious leaders will be allowed to propagate religion on the mainland, journalists will be allowed to report from there, mainland intellectuals who have struggled against Marxism-Leninism or struggled for academic freedom may be invited to Taiwan for visits, Mainland Chinese who applied to come to Taiwan to attend funerals of their parents will be considered favorably on a case-by-case basis, and enterprises in Taiwan will be allowed to import raw materials indirectly from the mainland.

The group drafted the mainland policy proposal for the Kuomintang 13th National Congress to be held in early July. The proposal will first be discussed by the Kuomintang Central Standing Committee before being added to the agenda of the congress.

Mainlanders' Greed Disappoints Visitors
OW0706150188 Taipei International Service
in English 0200 GMT 6 Jun 88

[Station commentary]

[Text] The REUTERS NEWS AGENCY reported from Wuhsi in Mainland China this week that the Chinese

Communists are pulling all stops to make visitors from Taiwan feel welcome and comfortable.

The red carpet treatment applies to hotel accommodations, travel permits, transportation, and use of special stores. But REUTERS also reports that many of the Taiwan Chinese are growing weary of the mainland's goodwill. The common complaint is that people suspect the mainland wants something in return, such as money or good propaganda. But the biggest problem may be the greed mainlanders show towards Taiwan visitors.

Taiwan Chinese began visiting Mainland China last November after Taipei lifted a 40 year-old ban on visits to the mainland by people who could prove they have relatives there. The family reunions policy, as it has become known, is said to be a first step in a more liberalized policy stressing people-to-people contacts with the mainland. Authorities in Taipei have made it clear, however, that such contacts will not involve official levels due to security risks and other problems of logistics.

Since the ban on family visits was lifted, more than 160,000 Taiwan Chinese have applied to make visits to the mainland. Nearly 100,000 have gone and come back, bringing with them stories galore of how they were treated while touring the mainland with family and friends.

In general, most people are pleasantly surprised by the goodwill and favorable treatment they were given on the mainland. Most have said that mainland authorities try to go all out to serve them with the best things the mainland has to offer, and that the average man-on-the-street also takes a curious, if helpful interest in Taiwan visitors. REUTERS reports that Mainland Chinese are often seen gawking at Taiwan tourists who are often laden with gold watches, designer clothes, and, more importantly, gifts.

Mainland Chinese who have made contact with relatives on Taiwan via Hong Kong or elsewhere often send them long shopping lists. Generally, a list will include requests for electrical appliances, such as color TV's, refrigerators, digital watches, electric shavers, and, of course, nice clothes.

Many Taiwan Chinese comply with these wish lists, and go to the mainland loaded with gifts. Things go awry when visitors discover that no amount of gifts is ever enough. Relatives begin appearing out of the woodwork, so to speak, and there seems to be no end to the greed.

Many Taiwan Chinese end up coming home disappointed by the greed shown by mainland family and friends. They come back to Taiwan heartbroken that fate has left their mainland families with such meager means to eke out a living. Yet, on the other hand, they also come back broken-hearted about the zealous expectations mainlanders have about gifts.

A common language and heritage, not to mention family ties, bring Chinese visitors from Taiwan some warm moments with their mainland hosts. But the world of differences that separates life on Taiwan with that of the Mainland China is often too large to bridge, and high expectations often turn to bitter disappointment.

KMT Legislators Criticize Legislative Yuan
*OW0806051888 Taipei International Service
in English 0200 GMT 5 Jun 88*

[Text] The ruling Kuomintang's [KMT] caucus in the National Assembly on Saturday held a discussion among members who will attend the upcoming KMT 13th National Congress in July. The participants complained of the lawmaking Legislative Yuan cutting the budget for the assembly. They also called on the government to severely punish those activists who incited the bloody riot on May 20.

The discussion was supervised by head of the caucus Kuo Te-jung and attended by 70 National Assembly men who will be delegates to the KMT National Congress this summer. Also present were deputy secretary general of the KMT Central Committee James Sung, secretary general of the Policy Coordination Committee Chao Tze-chi, and director general of the Department of Organization Affairs Kuan Chung.

During the discussion, the attending National Assemblymen took strong exception to the legislature's slashing the budget set aside for them. They called on the party's leadership to reinforce lawmakers' loyalty to the KMT. As for the nature of the ruling party, the assemblymen suggested that the term revolutionary be removed from the KMT's official name in order to meet the needs of the time.

At noon, Premier Yu Kuo-hua and KMT Secretary General Li Huan also turned up at the occasion to solicit opinions from the attending assemblymen.

President Li Discusses Role of Mass Media
*OW0806043588 Taipei Domestic Service in Mandarin
2300 GMT 3 Jun 88*

[Text] President Li Teng-hui yesterday called on the mass media to pay attention to real public opinion and refrain from creating or misreporting it. President Li was speaking on the subject in his capacity as the acting chairman of the ruling party while he was presiding over a forum on mass media held at the Yangmingshan Revolution Research Institute.

At the meeting he also pointed out that the government must be cautious in formulating its mainland policy. Although the Chinese Communists have never abandoned their intention of armed invasion against Taiwan, quite a number of people within our society innocently think of nothing but earning the mainland's money. President Li expressed that, when faced with the mainland's united front work towards Taiwan, we will feel that the three no's policy is a justifiable one, and should be continued. Of course we must also seize the initiative.

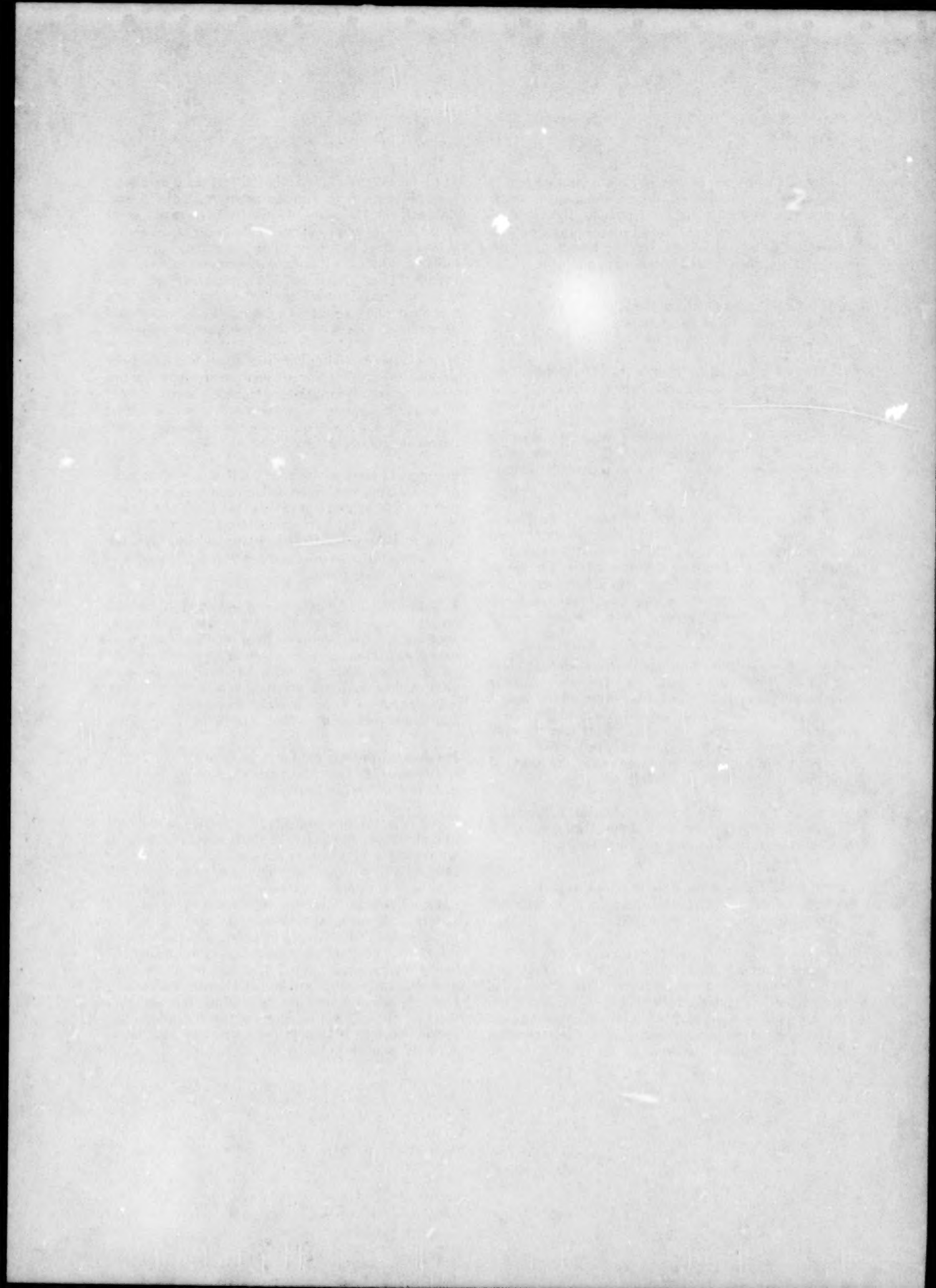
He noted that the ruling party and opposition have been working together on the replenishment of the central representative organizations. Although a small number of people disapprove of it, the issue is not as bad as reported by a minority of reporters; we must not regard the opinion of one person to be that of ten.

President Li especially pointed out that very often most of the contributions to the opinion columns in newspapers come from a certain group of people. The majority of people who may have an opinion do not necessarily write in to the papers. The news media must therefore learn about the truth from as many sources as possible to reflect the real opinion.

President Li pointed out that it is important to educate people to respect the law. Old laws or laws which are no good are still laws until they have been amended. Chinese people often break the law in order to uphold their honor. He earnestly pointed out that all people must obey the law, and even the president is no exception. Although some laws may not be strict enough, people are still obliged to abide by them as long as they are in force.

Insurance Program for Farmers Drafted
*OW0806043788 Taipei International Service
in English 0200 GMT 4 Jun 88*

[Text] The Interior Ministry has drafted a national insurance program for farmers which would enable farmers to enjoy a 50 percent government subsidy for health care. An official says: The ministry proposed in the bill that the central government should provide 25 percent of farmers' insurance premiums while provincial and county government should share 15 and 10 percent respectively. The insurance program will cover illness, injury, child delivery, and funeral fees. Only members of the Farmers Association will be qualified for the insurance program, according to the bill. Nonmembers will be fined if they are found joining the insurance program illegally. The bill will be forwarded to the cabinet for approval before it goes to the lawmaking Legislative Yuan for hearings.



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